ANNEXURE G.1

Report Prepared For:

UNiQON

September 2024

Lynedoch Mixed-Use Development

Socio-Economic and Fiscal Impact Report

DEMACON
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About Us

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The proposed Lynedoch mixed-use development is a large-scale real estate project aimed at implementing various land uses to support an integrated development concept. At full maturity, it will provide a diverse range of productive land uses that will contribute to the local and regional economies through direct, indirect, and induced economic, socio-economic, and fiscal impacts. Approximately 45 hectares of developable land will be utilised to establish over 800 residential units of varying densities and configurations, while also incorporating complementary uses such as retail spaces, entertainment venues, educational facilities, public open spaces, and supporting bulk infrastructure.

The integrated real estate development will transform commercial agricultural land, currently used for wine grape production, to accommodate the proposed land uses. This transition will affect the economic function of the property, shifting from agricultural use to more diverse productive land uses. It is necessary to consider the opportunity cost of transitioning from the existing agricultural value of the property to the proposed development. In essence, the economic benefit or cost of the proposed development is weighed against the current agricultural use of the property.

An analysis of the agricultural use of the property reveals that, under current yields, the property generates positive economic, socio-economic, and fiscal impacts. The operational expenditure of approximately R2.6 million from farming and related processing activities stimulates approximately R4.8 million in business sales, R2.0 million in GDP, and supports eight employment opportunities across the Western Cape economy. These positive impacts stem from the wine grape production on the property, as well as the operational expenditures necessary to generate this output.

The positive economic effects generated by the property as a commercial agricultural unit may not be sustainable in the long term. According to the Agriculture Impact Assessment (2023), the current vineyard production is highly dependent on yields in order to cover essential production costs. The ageing vineyards on the farm, coupled with limited capacity for replacement and insufficient water resources, have resulted in an achievable yield of only 5.5 tons per hectare—significantly below the 15 tons per hectare required for sustainable wine grape production. As such, the farm faces dwindling commercial viability, hampered by high input costs, limited irrigation potential, and the absence of an economic rational to reinvest in newer vineyards on a comparatively small land holding.

Although the property still produces agricultural output (approximately 32.5 hectares of the property have historically been farmed, but due to the progressively aging vines, more than 3.2 hectares have become unproductive and were lost to uprooting), the Agriculture Impact Assessment (2023) indicates that the potential for long-term commercial agricultural use is low. The decline in profitability due to rising costs, aging vineyards, and market pressures is eroding the capacity of the farm to remain a viable agricultural unit. These challenges reflect broader industry trends affecting wine grape production in South Africa, leading to a shift to specialised entities (away from smaller scale/recreational farming units) and the conversion of less productive units to alternative uses (dictated by location dynamics).

Given these circumstances, the agricultural functions of the property could become unproductive over time, representing a suboptimal use of the potential economic value of the land. The current agricultural activities have limited prospects for economic expansion, as the productivity of the property declines due to aging vineyards, unaffordable replacement costs, and rising input costs.

In contrast, the proposed development offers the potential for economic benefits that far exceed those generated by the current agricultural use of the property. The mixed-use development can generate substantial short-term economic value during construction and long-term value once the productive land uses are fully operational, addressing market demand and urban development pressures.

According to the quantitative impact assessment, the proposed development, with a R1.5 billion capital investment, could generate between R1.5 billion and R3.5 billion in additional GDP and business sales during construction. Moreover, nearly 5,300 temporary employment opportunities could be created. In the operational phase, household and operational expenditures are estimated to contribute R301 million, unlocking as much as R317 million in additional sustained GDP, while supporting nearly 890 sustained employment opportunities.

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In comparing the potential economic, socio-economic, and fiscal impacts of the proposed development to the loss generating agricultural use, the impact assessment indicates that the proposed development stands to create a considerable net benefit to the local economy, not least of which would be additional rates and taxes. The long-term and sustained economic value generated by the mixed-use development far exceeds the declining economic value of the current agricultural use of the property. Therefore, the proposed development represents a greater economic benefit to the local economy by establishing long-term value, in contrast to the diminishing returns of continued wine grape production.

Quantitative Economic Impact Assessment Comparison during the Operational Phases of Each Use

Economic Impact Name	Current Agricultural Production – Wine Grape Farming	Proposed Mixed-Use Development	Net Economic Benefit
Economic Value Added/Subtracted by Each Property Use	R2 560 611	R300 534 625	**R297 974 01**
Additional Business Sales	R4 798 987	R561 723 704	**R556 924 717**
Additional Gross Domestic Product	R1 969 061	R317 017 638	**R315 048 577**
Additional Taxes	R463 538	R62 418 141	**R61 954 603**
Additional Property Taxes	R15 760	R8 003 615	**R7 987 855**
Additional Formal Employment Compensation	R543 851	R101 339 452	**R100 795 601**
Additional Formal Employment	7	726	**719**
Additional SMME Opportunities	0	0	**0**
Additional SMME Opportunities (Black Owned)	0	0	**0**

Source: DEMACON, 2023

Aside from the inherent quantitative socio-economic and fiscal benefits of the proposed development, the construction and operation of the proposed development could generate a plethora of impacts that influence the underlying functions and socio-economic characteristics of the receiving economy during construction and operational activities. The qualitative impact assessment therefore considers impacts that are not necessarily quantitatively quantifiable and therefore must be identified and measured within a qualitative analysis framework.

The qualitative impact assessment revealed the following outcomes:

- **Economic Impact:**
  - **Key Outputs:** The project will significantly boost the local, provincial, and national economy during both its construction and operational phases. The construction phase will create a temporary surge in economic activity, while the operational phase will have sustained effects through multiple value chains (healthcare, education, retail, property management, etc.).
  - **Risks:** The presence of "construction mafias" may delay construction and the realization of economic benefits.
- **Employment Impact:**
  - **Key Outputs:** Nearly 5,300 temporary and 888 sustained employment opportunities will be created. Direct and indirect

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jobs span construction, retail, healthcare, and more, providing a significant source of income in a high-unemployment region.
    - **Challenges:** A potential shortage of skilled local labour may require importing talent. Mitigation efforts, such as local skills training, could address this gap.
- **Community Impact:**
    - **Key Outputs:** Job creation will improve household livelihoods, leading to increased demand for services and products. The
    - increase of population, onsite during construction efforts and during the operational phase where residents occupy the development could influence aspects such as crime.
    - **Challenges:** The influx of people may strain housing and services, necessitating infrastructure expansion and stronger community policing.
- **Infrastructure and Utility Impact:**
    - **Key Outputs:** The project will put pressure on local transportation infrastructure and utilities, such as electricity, water, and sanitation. However, it will also generate increased rates and taxes, providing additional revenue for infrastructure improvements.
    - **Challenges:** Sustained demand for utility infrastructure and transportation services may strain existing systems, necessitating expansion.
- **Environmental and Agricultural Impact:**
    - **Key Outputs:** The project will reduce land dedicated to wine grape production but offers a sustainable development opportunity. Air, noise, and visual pollution from construction could impact community health if not properly managed.
    - **Challenges:** Loss of agricultural land and yields could affect the regional wine industry, though current agricultural use is deemed unsustainable.
- **Property Valuation and Revenue Impact:**
    - **Key Outputs:** The development will lead to a revaluation of land in the area, resulting in higher property rates and increased revenue for the local authority. This could help address socio-economic challenges and support infrastructure investments.
    - **Challenges:** The increased property rates could affect landowners but would provide necessary funding for municipal improvements.

Overview of the Final Impact Significance Rating of Each Impact Measured Qualitatively

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Impact on Local and Regional Business Base	The construction phase of the project will generate demand for goods and services necessary to sustain construction activities. This sustained demand over the construction phase could lead to additional business sales throughout the construction industry's value chain (increased economic output, production and gross value added).	Construction Phase	40	Medium	The development stands to relate sector specific as well as value chain benefits elsewhere in the economy for the duration of the construction period
Impact on Local and Regional Business Base	The demand for goods and services required to sustain construction activities may not be fully serviced by the local economy's existing construction sector value chain and as a result would need to source goods and services from outside the local economy.	Construction Phase	30	Low to Medium	There is an impact, but can be mitigated

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Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Impact on Local and Regional Business Base	Increased economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created.	Construction Phase	27	Low to Medium	There is an impact, but can be mitigated
Impact on Local and Regional Business Base	The effective execution of the proposed project might face hindrance due to the presence of local 'construction mafias'. The possibility exists that these entities might intimidate external labour sources, disrupt the local community, and consequently cause delays in project completion.	Construction Phase	14	Low	The impact does not have a direct bearing on the decision to develop
Impact on Local and Regional Business Base	The labour force involved in the construction of the intended project could drive a surge in demand for lodging facilities and related services within the host economy. This heightened demand arises from the need to accommodate workers who aren't native to the area. This situation presents an opportunity for local lodging providers to experience extended periods of high occupancy, consequently leading to increased revenue streams.	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated
Stimulation of Employment Opportunities	The construction of the proposed project will create temporary construction related employment opportunities on-site (across the skills spectrum).	Construction Phase	32	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	New employment opportunities throughout the construction industry's value chain could be stimulated as a result of the increased demand generated by the construction of the proposed project.	Construction Phase	33	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	It might be necessary to temporarily import various tiers of skilled labour to the region to effectively carry out construction activities.	Construction Phase	27	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Employment opportunities created on-site by the project during the construction phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.	Construction Phase	40	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Impact on Local Communities	Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods during the construction phase. This could place an additional burden on existing social amenities and services due to an increase in demand.	Construction Phase	21	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Where labour is sourced from beyond the receiving economy the receiving socio-economic environment's labour absorption capacity is diminished and the spending of money earned locally is reduced – remittances to homesteads. In the event that labour must be sourced from outside the local area, these migrants could be viewed as temporary.	Construction Phase	36	Medium	The impact could influence the decision to develop unless it is effectively mitigated

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Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Impact on Local Communities	An influx of population to the receiving economy (employed or job-seekers) may lead to increased crime activity. Job-seekers that do not find employment may turn to crime and in turn influence community safety. The introduction of persons outside the local labour market (i.e. sourcing from other economic regions for instance) could introduce a criminal element. Additionally, contractors undertaking construction of the proposed development may also, due to bad behaviour, influence community safety through inappropriate actions.	Construction Phase	14	Low	The impact does not have a direct influence on the decision to develop
Impact on Local Communities	Due to construction activities, labour is transported to and from the construction site, i.e. from home to work and vice versa. Additionally, construction related transportation of goods and services will also occur. The daily movement of construction workers and related activities increases the load on the local transport network – influencing travel times and congestion.	Construction Phase	14	Low	The impact does not have a direct influence on the decision to develop
Impact on Infrastructure and Utilities	Road infrastructure may experience increased pressure due to project related construction activities as well as the increased transportation of economic goods and services. Construction activities may generate vehicles in support of construction efforts. Likewise, increased economic activity could drive augmented demand for goods and services. The increased demand could require increased transportation of goods and services to the area.	Construction Phase	16	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities.	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, construction activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts: • Negative impacts relate to increased maintenance burden • Positive impacts relate to increased revenue collection from service delivery	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be utilised to support maintenance of infrastructure and improve the supply thereof.	Construction Phase	36	Medium	The impact could influence the decision to develop unless it is effectively mitigated

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Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Impact on the Natural Environment	The construction phase will give rise to environmental factors that can impact health both on-site and in nearby communities. Common environmental factors, including elevated noise levels, increased dust and associated air pollutants, as well as visual impacts, may occur.	Construction Phase	6	Low	The impact does not have a direct influence on the decision to develop
Impact on the Natural Environment	The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation existing agricultural land is removed from the total inventory of agricultural land used for wine grape production and the broader wine production industry.	Construction Phase	50	Medium to High	The impact will have a direct influence on the decision to develop but there are means of mitigating the impact, although these may be costly and challenging
Impact on the Natural Environment	The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation the existing wine grape production on the property will cease and as a result less wine grapes will be available to support the broader wine and related product manufacturing value chain.	Construction Phase	45	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Impact on Local and Regional Business Base	The operational phase of the project will generate sustained demand for goods and services necessary to maintain operational efficiency. This sustained demand over the operational phase could lead to additional business sales throughout the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project (increased economic output, production and gross value added).	Operational Phase	48	Medium to High	The impact will have a direct influence on the decision to develop but there are means of mitigating the impact, although these may be costly and challenging
Impact on Local and Regional Business Base	The demand for goods and services required to sustain operational activities may not be fully serviced by the local economy's existing industries and as a result would need to source goods and services from outside the local economy.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Local and Regional Business Base	Increased and sustained economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created.	Operational Phase	40	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	The proposed project will create permanent operational employment opportunities on-site (across the skills spectrum).	Operational Phase	45	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	New employment opportunities throughout the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project could be stimulated as a result of the increased demand generated by the operation of the proposed project.	Operational Phase	39	Medium	The impact could influence the decision to develop unless it is effectively mitigated

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Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Stimulation of Employment Opportunities	The local economy faces constraints both in terms of its size, reflected in its economic output, and its available labour force. This localised supply-side limitation could potentially result in a disparity between the required number of labourers with diverse skill levels needed for the operation of the proposed project.	Operational Phase	-27	Low to Medium	There is an impact, but can be mitigated
Stimulation of Employment Opportunities	Given the localised and industry specific labour supply constraint that could arise during the operational phase, it might be necessary to import various tiers of skilled labour to the region to effectively carry out operational activities.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Employment opportunities created on-site by the project during the operational phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.	Operational Phase	44	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Impact on Local Communities	Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods. This could place an additional burden on existing social amenities and services due to an increase in demand.	Operational Phase	-18	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Without meticulous planning, the proposed project runs the risk of influencing the inherent "sense of place" within the immediate community. The proposed changes might potentially reshape the local environment's importance to the community, which, over time, could potentially impact how the community perceives and values the natural resource setting.	Operational Phase	-18	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Due to operational activities, labour at the proposed project will move to and from the project site, i.e. from home to work and vice versa. Additionally, the transportation of goods and services required for operational activities will also occur. The daily movement of employees and related activities increases the load on the local transport network – influencing travel times and congestion.	Operational Phase	-16	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	Road infrastructure may experience increased pressure due to the operational activities of the project as well as the increased transportation of economic goods and services. Operational activities may generate vehicles in support of operations. Likewise, increased economic activity could drive augmented demand for goods and services. The increased demand could require increased transportation of goods and services to the area.	Operational Phase	-27	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated

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Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Impact on Infrastructure and Utilities	An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, operational activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts: • Negative impacts relate to increased maintenance burden Positive impacts relate to increased revenue collection from service delivery	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be utilised to support maintenance of infrastructure and improve the supply thereof.	Operational Phase	44	Medium	The impact could influence the decision to develop unless it is effectively mitigated

Source: DEMACON, 2024

The proposed development presents significant net benefits to the socio-economic environment through job creation, increased revenue, and long-term sustainable economic growth. Negative impacts, such as pressure on infrastructure and environmental concerns, can be mitigated through effective planning and coordination.

In addition to the previous points, government systems in urban, and particularly metropolitan, areas place increasing pressure on property owners to optimize property use to align with policy goals related to densification, unlocking economic and socio-economic potential, and maximizing fiscal value through property taxation and rates. These pressures are driven by high and increasing rates of urbanization and inter-provincial migration. The Western Cape Province, second only to Gauteng, is one of the fastest-growing regions, primarily due to continuous migration to the province's key metropolitan areas and major towns. Smaller, marginal agricultural parcels, which have become sub-optimal production units, are particularly affected by these development-related pressures. These pressures also affect both property owners and developers, requiring constant evaluation to ensure that properties are positioned to address the expansion of urban systems while meeting government objectives regarding optimal land use, productive development, sustainable practices, and the unlocking of fiscal value in well-located areas.

Therefore, the proposed development, in light of the aforementioned and previous analyses, represents an opportunity to utilise property that is currently underperforming economically. The land produces agricultural yields that are below commercially sustainable levels and has limited future prospects for achieving sustainability. It does not represent a long-term or viable use of strategically located land. The agricultural potential of the property is assessed to be very low, with current agricultural practices identified as temporary due to factors such as limited irrigation, high input costs, lack of capital for vineyard reestablishment, aging vineyards, and declining yields. These issues limit the capacity of the property for long-term wine grape production. Furthermore, the property has minimal potential for alternative agricultural activities and does not contribute to food security in South Africa. Given these circumstances, the proposed development represents the highest opportunity cost as an alternative use of the property, leveraging its inherent real estate value.

1 INTRODUCTION AND PROJECT BRIEF

1.1 INTRODUCTION AND PURPOSE OF THE REPORT

Chapter One of the report provides an introduction and concise roadmap of the socio-economic and fiscal impact assessment for a proposed mixed-use development in Lynedoch located in the south-western region of the Stellenbosch Local Municipality (Western Cape). To understand the scope, objectives and outline of this document, Chapter 1 seeks to introduce the project brief and its intended outcomes and the outline of the remainder of the report.

1.2 PROJECT BRIEF

DEMACON Market Studies were commissioned by **Uniqon** to assess the economic trends and drivers, trade area-based demographic profile and development and growth potential of the proposed Lynedoch Mixed-Us Development. The purpose of the analyses was to compile a market study to assess the viability and optimum composition of the Lynedoch mixed-use development concept.

In addition to the preceding, DEMACON was commissioned to conduct a Socio-Economic and Fiscal Impact Assessment as part of the market study. This assessment serves as an expansion of the market research, demand modelling, and recommendations provided in the study. Its objective is to determine the potential economic, socio-economic, and fiscal effects of the proposed development based on the long-term development framework of the project. Moreover, the assessment considers the potential impact of transforming the current agricultural land on the economic, socio-economic, and fiscal contributions that the property, in its current form, provides to the broader economic system in which it operates.

The purpose of the socio-economic and fiscal impact assessment is to provide an assessment of the overarching impacts that may arise from the construction and operation of the proposed project on the local and/or regional communities and economy (measured within quantitative and qualitative assessment frameworks) by considering several aspects that include, inter alia:

- The impact of the project on job creation and skills requirements
- The impact that the project has on gross domestic product
- The impact that the project has on business sales
- The impact that the project could have on businesses and the opportunity for new business development
- The impact that the project could have on the compensation of new employment opportunities created
- The impact that the proposed project could have on government's fiscal collections (taxes etc.)
- Impact that the project could have on property rates
- The impact that the project could have on the value chain within which the project operates
- The impact that the project could have on the economy at large and its distribution throughout the provincial and national economy
- The impact that the proposed project could have on households and local communities because of the social, economic, health and other related impacts
- The impact on economic activity that results from the loss of current agricultural activities

The socio-economic and fiscal impact assessment, therefore, seeks to provide a constructive overview of the opportunity that the project offers to the community and economy and also considers the effect that the proposed project could have on the local and wider economy as a result of its operations.

1.3 PROJECT METHODOLOGY

In order to undertake the socio-economic and fiscal impact assessment of the proposed development, an overarching project methodology has been adopted that identifies and informs key aspects of the impact assessment and focusses the outcomes of the assessment on project specific objectives.

Diagram 1.1 (overleaf) provides a representation of the project research methodology used to conduct the socio-economic and fiscal impact assessment of the proposed project. The diagram is accompanied by a short description of each step of the methodology. The description provides an overview of the components that make-up each step of the methodology and highlights any limitations associated with each step.

Diagram 1.1: Socio-Economic and Fiscal Impact Assessment

The project methodology of the socio-economic and fiscal impact assessment consists of the following four steps:

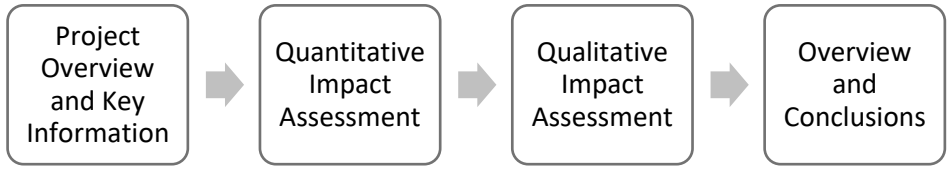
- Step 1: Project Inception
  - Step 1 entails the inception of the project. The step focusses on refinement of the project brief, the project timeframe and the deliverables required. Furthermore, the step also collates relevant base data and documents and seeks to acquire any project specific detail and information relevant to the study
- Step 2: Baseline Socio-Economic and Economic Profiling
  - The step focusses on establishing the socio-economic and economic context of the proposed development
  - In September 2023, DEMACON Market Studies completed a Market Study for the Lynedoch Mixed-Use project. The study aimed to assess economic trends and drivers, trade area-based demographic profiles, and the development and growth potential of the proposed project. The goal was to establish the viability and optimum composition of the development. This report refers to the market assessment report, particularly in terms of the overarching locational, economic, and socio-economic context of the proposed development's market area
  - Given the preceding, the project's socio-economic and economic receiving environments are defined by the 2023 Market Study
  - The identification of the project's socio-economic receiving environment is done in order to provide a summary of the socio-economic context profiled by the 2023 Market Study within which the proposed project will likely operate and impact on. The socio-economic context is assessed by profiling the receiving environment in relation to different metrices such as population and household size, population and household average annual growth, population education levels, skills and employment factors, household characteristics and attributes, household income, etc.
  - The identification of the project's economic receiving environment is done in order to provide a summary of the economic context profiled by the 2023 Market Study within which the proposed project will likely operate and impact on. The

economic context is assessed by profiling the receiving economy in relation to different metrices such as economy size, distribution, growth, composition, basic and non-basic sectors, tress index concentration, labour absorption and key spatial considerations.
    - Based on the outcome of the profiling analyses, several potential economic impacts that may arise from the proposed project's operation is identified. The purpose is to highlight potential areas of impact that can be assessed in greater detail in subsequent analyses.
- Step 3: Socio-Economic and Fiscal Impact Assessment
    - Step 3 of the project methodology focusses on the socio-economic and fiscal impact assessment of the proposed project. The socio-economic and fiscal impact assessment consists of two assessment phases and culminates in a perspective on the impact (and extent thereof) of the proposed project within its construction and operational context.
    - A fiscal and socio-economic impact assessment model is developed to model and quantitatively measure the socio-economic and economic impacts that could arise from the project based on its construction and operational phases. The quantitative impact assessment, therefore, measures the impact of the project within the context of several metrices that include, inter alia,
        - Jobs created by skills level
        - Impact on GDP
        - Impact on business sales
        - Estimated number of formal SMMEs created (including estimated number of black owned SMMEs)
        - Compensation impacts (i.e. wages & salaries)
        - Impact on social facilities required
        - Taxes on products (value added tax; custom duties; excise levies; fuel levies; other)
        - Taxes on production
        - Taxes on businesses
        - Taxes on employees
        - Impact on property rates
        - Sector profiling, etc.
    - The impact assessment then focusses on a qualitative impact assessment. The qualitative analysis makes use of an impact significance rating methodology. The broad approach to the significance rating methodology is to determine the environmental risk (ER) by considering the consequence (C) of each impact (comprising Nature, Extent, Duration, Magnitude, and Reversibility) and relate this to the probability/ likelihood (P) of the impact occurring. The ER is determined for the pre- and post-mitigation scenario. In addition, other factors, including cumulative impacts and potential for irreplaceable loss of resources, are used to determine a prioritisation factor (PF) which is applied to the ER to determine the overall significance (S).
    - The quantitative and qualitative impact assessment is then synthesised to provide a holistic view on the range and potential impact of the proposed project.
- Step 4: Synthesis and Reporting
    - Step 4 focusses on the synthesis and reporting of the outcome of the analyses undertaken in Steps 2 and 3.

1.4 REPORT LAYOUT

The following diagram provides an overview of th layout of the report.

Diagram 1.2: Report Layout



2 PROJECT OVERVIEW AND KEY INFORMATION

2.1 INTRODUCTION

This chapter of the report focusses on defining the proposed project. The intent of the chapter is to describe the overarching purpose of the project and its immediate and future objectives. By identifying and defining the objectives of the project and its ultimate intent, future analyses, the interpretation of data and the identification of impacts can be guided by the context of the project and its desired outcomes.

Furthermore, the chapter spatially references the project in order to understand the project's relative positioning in relation to probable areas of impact and influence. By spatially referencing the project areas of socio-economic and economic sensitivity can be spatially defined and measured. Moreover, the contextualisation of the project along with a spatial perspective of the project and its likely area of influence provide a basis upon which other critical considerations and factors can be identified and discussed.

2.2 PROJECT LOCATION AND OVERVIEW

The proposed mixed-use development is situated adjacent to the Lynedoch village which is located within the south-western region of the Stellenbosch Local Municipality of the Western Cape Province. The development site (Portion 28 of Farm 468) is approximately 10 kilometers southwest of the Stellenbosch central business district and covers approximately 45.48 hectares of land in the greater Vlottenburg, Spier and Lynedoch area. The northern, north-eastern, southern and south-western borders of the development site borders existing farmland whilst the eastern border of the property extends along the R310 road and northern, southern and western borders of the Lynedoch village.

The property is currently used for agricultural purposes. The farmland is being used to produce a variety of wine grape cultivars that in turn is processed to produce several wine and related products. Detailed information regarding the current agricultural application of the property, the potential for commercial agricultural applications and the long-term sustainability of the property as an agricultural asset is discussed in greater detailed in subsequent sections.

The proposed development, according to the latest Block Plan (Master Plan) will offer a variety of land use opportunities that focus on the establishment of a mixed-use precinct. The precinct aims to offer a diversified product offering by incorporating a mixture of residential opportunities that vary by density and type whilst also incorporating a commercial, recreational and educational component in support of residents of the development and the broader community.

The master planning of the project identifies that approximately 61.8% of the total project/site area (28.09 hectares of 45.48 hectares) will be used to accommodate productive land uses such as residential, education, business and entertainment. The remainder of the property will be used to accommodate uses such as private open spaces, indigenous slopes, roads and related squares and detention areas.

The following map and table provide an overview of the development proposal for the project.

Table 2.1: Land Use Proposals

Land Use	Units	Site Area (ha)	Proportion
Education		1.78	3.9%
Commercial (Business)		0.50	1.1%
Clubhouse (Entertainment)		0.18	0.4%
Residential (80 du/ha)	515	6.58	14.5%
Residential (40 du/ha)	355	8.74	19.2%
Residential (Allotment Villa)	14	10.31	22.7%
Detention and SW Area		1.15	2.5%
Indigenous Slopes		6.43	14.1%
Roads & Squares		4.86	10.7%
Private Open Space		4.04	8.9%
Total	**884**	**45.48**	**100%**

Source: DEMACON ex Uniqon, 2024

Map 2.1: Portion 28 of the Farm 465 Development Block Plan - Master Plan Development

PORTION 28 LAND USE TABLE			
	Site area	45.48 Ha	
	Land use	Area	Units
	School Component (A2)	1.78 Ha	
	Commercial (A1,B5)	0.50 Ha	
	Clubhouse Component(B5)	0.18 Ha	
	Mixed Use Component (B1-4)	0.7 Ha	515 units
	Residential (@80 du/ha)	5.88 Ha	
	Residential (@40 du/ha)	8.74 Ha	355 units
	Alottment Villas	10.31 Ha	14 units
	Total (excluding areas below)	**28.09 Ha**	**884 units**
	Detention & SW area	1.15 Ha	
	Indigenous slopes	6.43 Ha	
	Roads & squares	4.86 Ha	
	Private open space	4.04 Ha	

Source: DEMACON ex Uniqon, 2024

2.3 SOCIO-ECONOMIC CONTEXT AND CONSIDERATIONS

The following provides an overview of the key elements that define the socio-economic context within which the proposed development is situated. The aim of the information is to extract important information from the socio-economic analysis contained in the Lynedoch Mixed-Use Market Assessment in order to provide a baseline account of the character and overarching trends present within the development's host community. Understanding the context of the host community provides a rounded perspective of the potential and range of impacts that could influence the baseline of the proposed development.

ECONOMY SIZE AND CONTRIBUTION

Stellenbosch
Sub-Regional Economy GVA
(current prices 2022)

contribution to the Cape Winelands Regional Economy

contribution to the Western Cape Provincial Economy

The Stellenbosch sub-regional economy is the **fourth largest** contributor to the total economy of the Cape Winelands regional economy. Compared to other economies in the Cape Winelands regional economy, the Stellenbosch sub-regional economy **expanded** its proportional contribution to the regional economy since 2012. Therefore, the sub-regional economy has **continually expanded** economic output and functions as one of the key sub-regional economies that drives the growth and development of the regional economy.

ECONOMY GROWTH

1.0% (2012 - 2022) average annual growth of the sub-regional economy over the previous 10 years

0.4% (2017 - 2022) average annual growth of the sub-regional economy over the previous 5 years

The sub-regional economy has recovered the bulk of economic capacity lost during 2020. In 2022 the sub-regional economy was **1.8%** over pre-pandemic economic GVA output.

The unemployment rate of the local economy is **14.5%**. The unemployment rate has started to increase from a low of 11.7% in 2017. The data shows that the sub-regional economy is experiencing a slowdown in the rate at which the local economy can produce jobs.

STRUCTURE OF EMPLOYMENT

Formal employment accounts for **71.9%** of all jobs

21 669 informal jobs exist in the local economy

Informal employment accounts for **28.1%** of all jobs

The **informal economy** gained 3 045 jobs since 2012 at an average rate of 305 jobs per year

56 966 formal jobs exist in the local economy

The **formal economy** gained 10 092 jobs since 2012 at an average rate of 1 009 jobs per year

POPULATION SIZE

74 510 PEOPLE IN THE **PRIMARY** TRADE AREA

Population Average Annual **Growth Rate** **2.24%**

20 347 HOUSEHOLDS

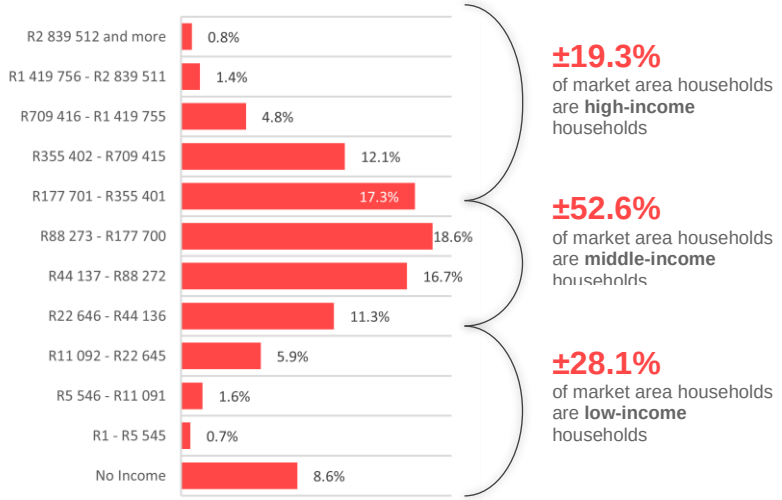
Household Average Annual **Growth Rate** **3.06%**

DWELLING

Majority of Households Reside in a **Formal Dwelling** **93.8%**

5.8% of households reside in an **informal dwelling**

HOUSEHOLD INCOME PROFILE



±19.3% of market area households are **high-income** households

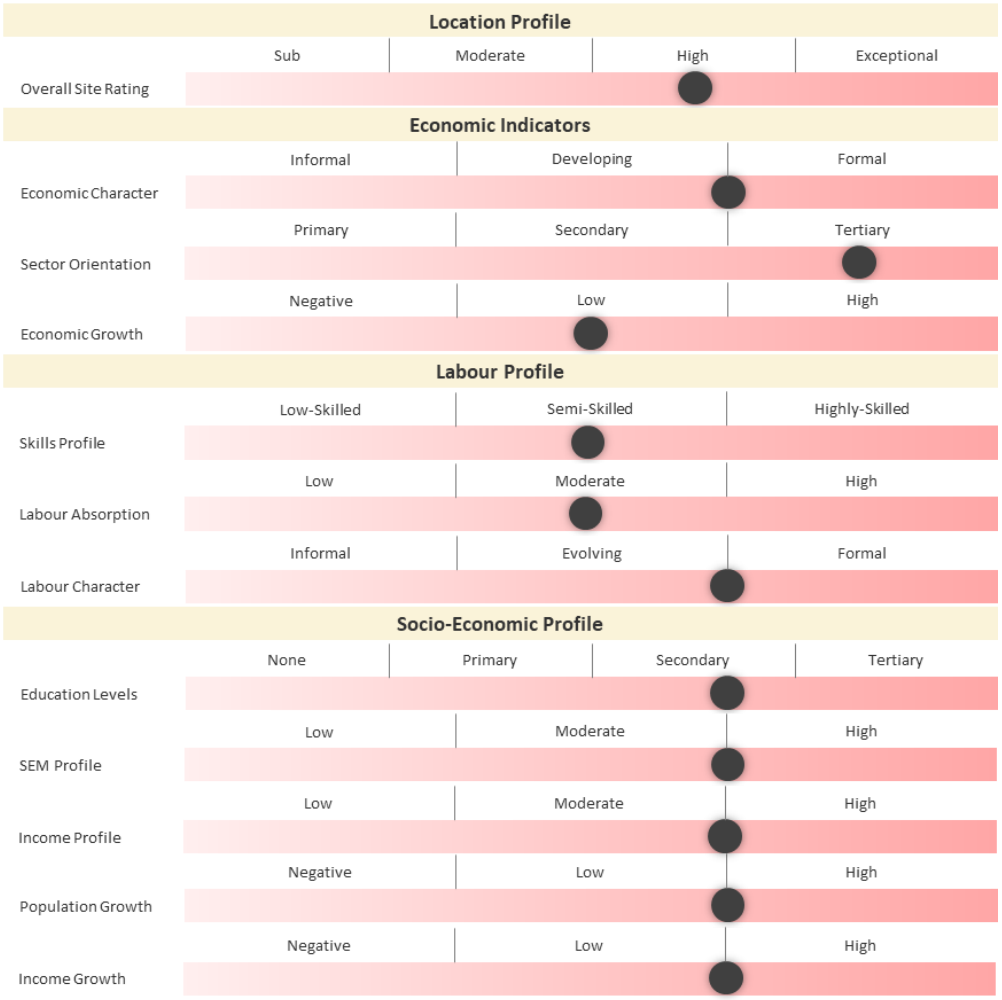
±52.6% of market area households are **middle-income** households

±28.1% of market area households are **low-income** households

2.4 Graphic Synopsis of Market Indicators

The following provides a graphic synopsis of the key market indicators and development recommendations identified by the 2023 Market Study of the proposed development. The purpose of the information is to highlight overarching market indicators that inform the development's potential as a development opportunity and outlines the medium- to long-term forecasted development take-up of the project and its anticipated long-term sustainability given overarching market conditions.

Key Indicators



Development Options and Compatibility

	Indicator
Site Ratings	High
Economic Base & Drivers	Compatible
Labour Profile	Semi-Skilled
Socio-Economic Profile Demand (Base)	Middle to High Income
Market Gap	Moderate

Development Recommendations

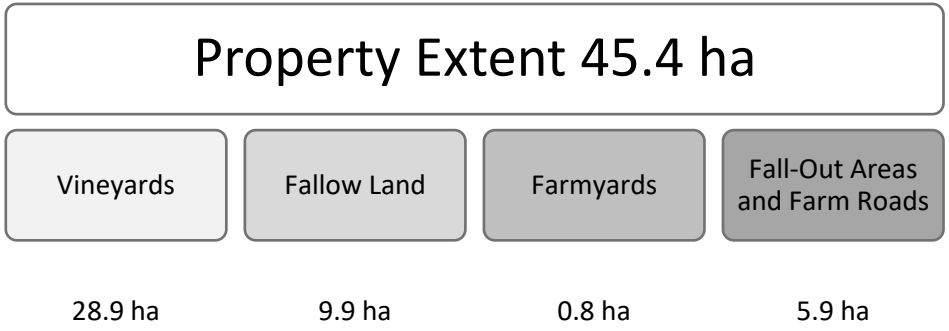
	Land Use	Market Demand Expectations	Hectares
	Residential Bonded (Low Density)	630 units	31.9 ha
	Student Accommodation	120 units	2.5 ha
	Retail (Small Convenience)	2 869 m²	1.0 ha
	Trade (Automotive)	455 m²	0.2 ha
	Offices / Administrative Functions	2 082 m²	0.7 ha
	Private Education (350 – 400 desks)	3 720 m²	2.4 ha
	Private Healthcare (5 – 7 beds)	488 m²	0.2 ha

2.5 Agriculture Use and Long-Term Potential of the Development Property

The development site for the proposed mixed-use project has historically been, and is currently, used for agricultural purposes. Since the proposed development aims to repurpose the site away from its agricultural use, it is important to consider the current role of the property in the agricultural sector and assess the long-term sustainability and viability of the land as an agricultural producer. The transformation of the property into an alternative land use is likely to impact the local economy's equilibrium. Therefore, the potential effects of such a transformation must be acknowledged. In order to consider the agricultural use and future potential of the property as an agricultural producer, reference is made to the Agricultural Impact Assessment Report (June 2023). The report provides key insight into the sensitivity of the property as an agricultural function and determines the agricultural potential and viability of the property as a productive agricultural use.

According to the Agricultural Impact Assessment (June 2023) of the development location, the proposed development site is currently being used for dryland (rainfed) agricultural purposes that focus on wine grape farming. Approximately 32.5 hectares of the 45.4 hectare extent of the property is potentially arable agricultural land, of which approximately 28.9 hectares of land is currently used to accommodate vineyards and facilitate wine grape farming. A further 10 hectares of land is farrow whilst the remainder of the property is used for farmyards and fall-out areas and farm roads.

Diagram 2.1: Land Use Distribution on the Subject Property



Source: DEMACON ex AGRIinformatics, 2023

The vineyards currently active on the property (approximately 28.9 hectares of cultivated land) consist of multiple cultivars that produce wine grapes for various wine types and products. These vineyards yield approximately 159 tons of wine grapes annually, translating to about 5.5 tons per hectare of planted and harvested vineyards.

Diagram 2.2: Wine Grape Production of the Subject Property (2022)

Vineyard	Area (ha)	Age	Avg. Yield (t/ha)
A	0.9	36	6.9
C	4.0	43	4.1
D	3.3	20	3.0
E	2.2	31	5.5
F	3.3	40	7.7
G	6.4	38	6.5
H	1.0	36	4.5
L	3.3	33	7.4
M	3.6	29	4.6
Total/Average	28.9	34	5.5

Source: DEMACON ex AGRIinformatics, 2023

Although the property presently produces wine grape harvests, the agricultural potential analysis in the Agriculture Impact Assessment (2023) indicates that the long-term sustainability and commercial viability of wine grape production on the property are under strain due to production and market-related factors.

The Impact Assessment notes that the sustainability of wine grape production as a commercially viable operation depends on factors such as the yields produced by the vineyards, the income generated from grape sales (with grape prices

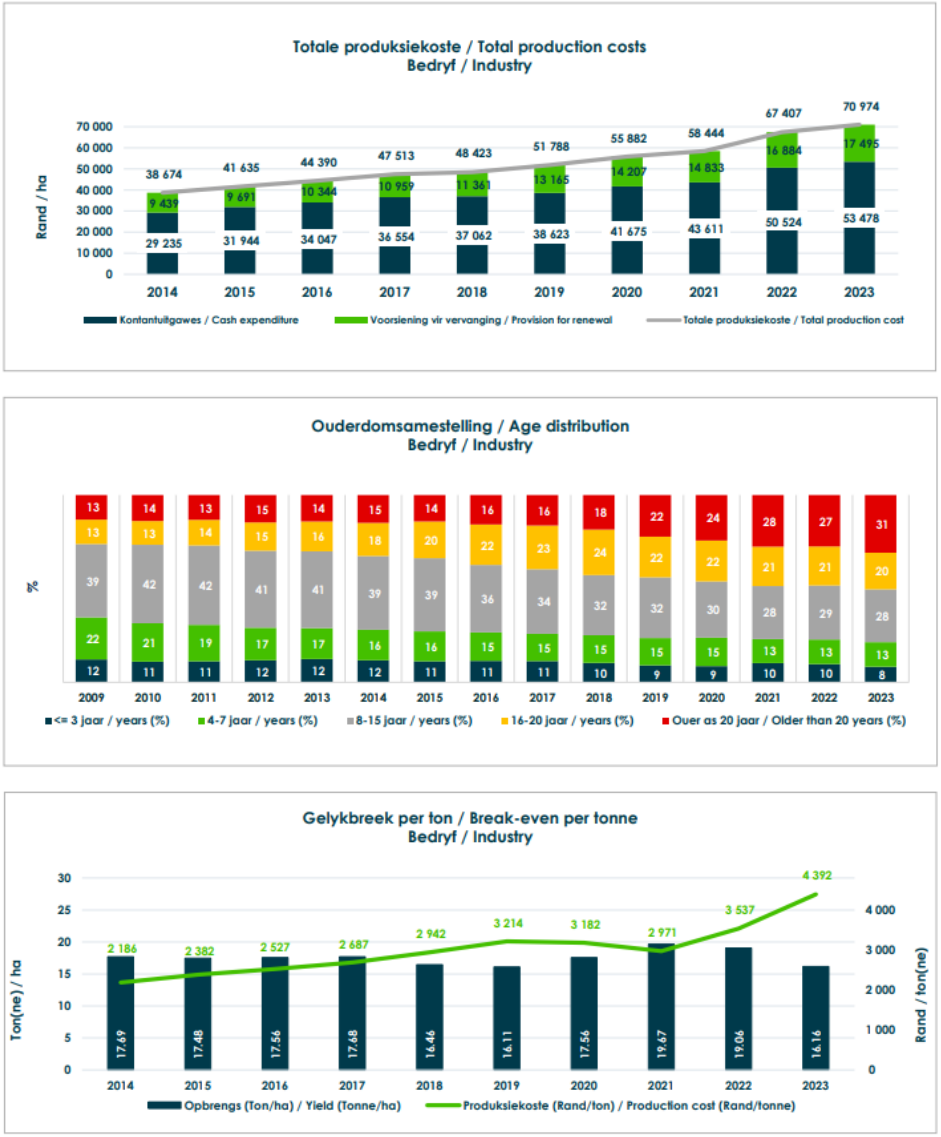
having underperformed in recent years), and the input costs required not only to operate a wine grape farm but also to ensure vineyard longevity through replacement. These factors currently affect the long-term sustainability of the property as a wine grape production location. The Impact Assessment suggests that current vineyard production on the farm can be considered a temporary activity, highly dependent on the vineyards' ability to produce yields sufficient to cover essential production costs.

Wine grape production on the farm is considered temporary due to the impact of aging vineyards on yield and the current market and input cost climate, which limits investment in long-term sustainability. The Impact Assessment identifies that, due to aging vineyards, the farm's limited capacity to replace end-of-life vineyards, and the insufficient water resources for sustained irrigation, the current yield of 5.5 tons per hectare is significantly below the 15 tons per hectare required to ensure sustainable wine grape production and farming activities. The data thus indicate that, although the property does produce wine grapes, the commercial viability of long-term sustainability as a productive agricultural asset is limited and under constant market pressure, eroding the farm's capacity to reinvest in maintaining its commercial viability.

Moreover, it is important to note that the challenges the property faces in terms of commercial viability reflect an industry-wide trend affecting the economic potential of the wine grape production industry in South Africa's core and secondary regions. According to the Impact Assessment (2023), the long-term sustainability of wine grape production in South Africa is hindered by producers' inability to reinvest in vineyard replacement, largely due to rising production costs that outpace stagnant grape prices. As a result, the income generated by farms diminishes year by year, reducing producers' capacity to invest in necessary replacements.

Data from Vinpro (2024) shows that vineyard replacement costs have increased by 85%, from R9,439 per hectare in 2009 to R17,495 per hectare in 2023. Concurrently, the age of vineyards has risen, with fewer replacements occurring due to escalating input costs. In 2009, approximately 26% of vineyards were 16 years or older; by 2024, this figure has increased to 51%. In the Stellenbosch wine grape production region, nearly 67% of vineyards are 16 years or older, partly attributable to the region's comparatively high input costs. According to Vinpro's Cost Guide for 2024, the large segment of older vineyards has begun to impact yields, adversely affecting the break-even point that farms must reach.

Figure 2.1: Wine Grape Production Operational Costs, Vineyard Replacement Costs, Vineyard Age Distribution and Break-Even Point



Source: DEMACON ex Vinpro, 2024

In light of the preceding, the data from the Agriculture Impact Assessment and market information reported by Vinpro suggest that wine grape production will remain under pressure and will require substantial capital investment to alter the age structure of vineyards, thereby improving yields and profitability. Market pressures, such as stagnant grape prices and macroeconomic factors driving inflation in production costs, further hinder the stabilisation of wine grape profitability and long-term commercial viability. The subject property is part of this industry trend, with aging vineyards that, in many cases, have reached their end of life (all vineyards on the property are older than 16 years and thus yield less than younger vines and are more susceptible to weather conditions and diseases). This is evident in the underperforming yields, which fall short of what is needed to support sustainable farming practices.

Although the preceding analysis recognises the need for capital investment to support the establishment of long-term, sustainable agricultural production on the subject property, a financial viability assessment by Agri Informatics reveals that such a capital expenditure on the property, whether self-funded or loan-supported, does not present a viable investment opportunity. The analysis indicates that, unless there is a significant increase in current wine prices, the re-establishment of vineyards on the property and in the greater Stellenbosch area will remain unfeasible.

Table 2.2: Summar of Financial Viability of Different Re-Establishment Scenarios on the Subject Property

Scenario	Capital Investment (R/ha)	Break Even Period	Net Present Value (R/ha)	Annualised Rate of Return
1a Own Capital – Irrigated	R324 428	Year 7	R75 293	4.0%
1b – Own Capital Dryland	R279 765	Year 10	- R59 421	-1.9%
2a Bank Finance – Irrigatd	R324 428	Year 7	R87 438	1.0%
2b – Bank Finance – Dry Land	R279 765	Year 15	- R55 630	-15.7%

Source: DEMACON ex Agri Informatics, 2024

Additionally, the property lacks sufficient groundwater resources to support irrigation across the entire area, making it dependent on annual rainfall. Therefore, the data suggest that the current wine grape production on the property is not sustainable in the long term and will continue to decline in productivity until the vineyards can no longer produce grapes. As noted by the Impact Assessment (2023), wine grape production on the property does not directly contribute to food security in the country. While the farm produces wine grapes that contribute to the wine manufacturing industry, this production is under constant strain due to high input costs and aging vineyards. Furthermore, the Assessment notes that current farming activities are unsuitable for the property unless additional irrigation water sources can be secured.

Beyond the agricultural potential of the current wine grape production, the Impact Assessment also considered the potential of the property for other types of farming. The analysis concluded that the potential for irrigated cultivation, dryland cultivation, and livestock farming is very low. The key outcomes of this analysis can be summarized as follows:

- Groundwater sources on the property are insufficient to support perennial crops, resulting in **very low agricultural potential for irrigated cultivation**
- Dryland cultivation has potential for supporting winter cereal crops but not summer cash or fodder crops. However, the topography of the property limits its suitability for dryland crop production (excluding grapes) due to the impediments to farm equipment movement and the risk of soil erosion. Therefore, the agricultural potential **for dryland cultivation is not feasible or very low**
- Grazing capacity in the area is indicated as 25 hectares per large stock unit, meaning the property cannot accommodate more than two large stock units, resulting in v**ery low agricultural potential for livestock farming**

The agricultural potential of the subject property for different types of agricultural production is assessed to be low and unviable based on the preceding information. The primary reasons for this low potential include:

- The limited water supply for irrigation. If additional water sources were available, the potential of the property as a commercially viable and sustainable agricultural production location could be improved.
- The low to medium potential of soil in the low-lying and flat areas of the property. Steep topographies hinder the potential for other types of

dryland farming, making lower-lying and flatter areas more suitable for such activities. However, poor water drainage, waterlogging of duplex soils, or limited soil depth further reduce the ability of the property to support other farming activities.

- The steep slopes of the property limit its capacity to support a variety of farming activities.
- The size of the property restricts the types of agricultural activities that can be supported and limits the extent of cultivable areas, thereby limiting the establishment of any viable farming activity.
- Lastly, the ongoing pressure of urban expansion in rural areas, especially in larger metropolitan regions, suggests that the property, situated within the municipal spatial development framework's urban development boundary, could support future urban expansion.

3 QUANTITATIVE IMPACT ASSESSMENT

3.1 INTRODUCTION

The following chapter of the report is focused on the assessment of potential economic impacts that may arise from the implementation of the proposed mixed-use development in the Lynedoch area of Stellenbosch.

The chapter aims to evaluate two key implications of the proposed development. The first is to consider the anticipated economic impact generated by the implementation and operation of the development. This impact is quantified by analysing the capital investment during the construction phase and the operational revenue during the operational phase, assessing their effects on the local, regional, and provincial economies.

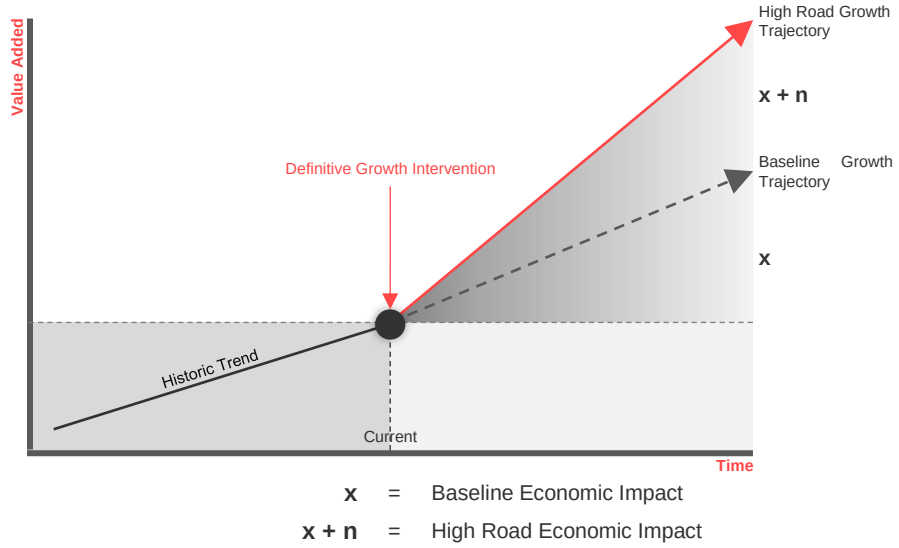
The second implication is to assess the anticipated economic impact resulting from the transformation of the current commercial agricultural use of the property (wine grape production) to the proposed development. This transformation would remove the commercial agricultural activity on the property, thereby altering the established flow of goods and services within the economy that stems from the current operational activities on the property.

Given the preceding, the economic impact refers to the ripple effect throughout the economy caused by investment in a specific sector. The transformation of agricultural land into the proposed development will have a net economic effect on the economy. The additional flow of goods and services created by the capital and operational expenditures of the proposed development is weighed against the change in the flow of goods and services resulting from the loss of commercial agricultural operations. This impact extends beyond the jobs and income generated by the original project. To estimate the total socio-economic impact, the input-output model is employed.

3.2 INPUT-OUT MODEL METHODOLOGY

The following figure conceptually illustrates the socio-economic impact that the proposed mixed-use development could have on the economy in terms of additional GDP.

Diagram 3.1: Economic Impact of a Development



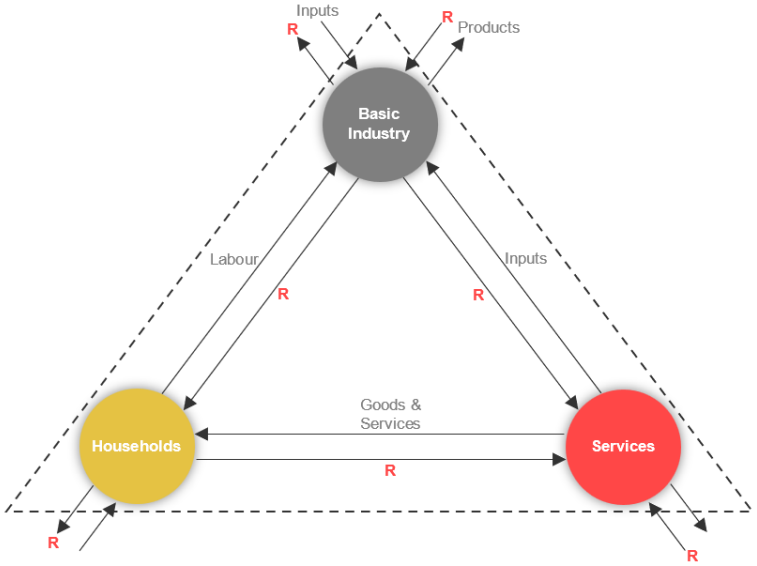
Source: DEMACON, 2024

Before the input-output model is discussed it is necessary to understand the community economic system and underlying interrelationships (Refer to Diagram 3.2 - Overleaf).

There is a strong interrelationship and interdependence between the three dominant sectors of the local economy: Basic industry, households and services. These interrelationships refer to sectors purchasing from other sectors, sectors selling to other sectors, sectors selling outside of the local economy and sectors buying outside of the local economy.

This results in the flow of labour, inputs, goods and services as well as money within and beyond the local economy. The input-output analysis creates a picture of a provincial economy describing the flows to and from industries and institutions. In other words, it describes the provincial economy and predicts the estimated impacts resulting from a change in the economy.

Diagram 3.2: Community Economic System



Source: DEMACON, 2024

The Input-Output Model depicts economic relationships between different components of an economy by identifying monetary flows (expenditures, receipts) between various units. The relationship between the initial spending and the total effects generated by the spending is known as the multiplier effect of the sector, or more generally as the impact of the sector on the economy. The input-output table represents the nucleus of the Inset-Output Model – as reflected in Table 3.1.

Table 3.1: Schematic Presentation of the Input-Output Model

	Intermediate Outputs	Final Demand	Total Production
Intermediate Inputs	**Quadrant I** x11 x12 x21 x22 xn1 xn2 m11 m12	**Quadrant II** C1 G1 I1 IC1 E1 C2 G2 I2 IC2 E2 Cn Gn In ICn En MC MG	 X1 X2 Xn Mn
Primary Inputs	**Quadrant III** A1 A2 B1 B2 T1 T2	**Quadrant IV** VC VG Vi VIC VE	 A B T
Total Production	X1 X2 Xn	C G | IC E	Z

Source: DEMACON, 2024

Final demand (Y) can be presented by the following formula:

Y = C + I + G + (X - Z) where:

C: Private consumption expenditure

I: Gross domestic fixed investment

G: Government consumption expenditure

X: Exports

Z: Imports

Both the intermediate inputs as well as intermediate outputs for the different production sectors are shown in Quadrant I. This quadrant is usually referred to as the transaction table or transaction matrix and is an indication of the transfer of goods and services between the industrial sectors for production purposes.

The different final demand components as applied in the input-output table are shown in Quadrant II. Components of final demand are private consumption expenditure (C), government consumption expenditure (G), gross domestic fixed investment (I), change in inventories (IC) and total exports (E).

Quadrant III represents the demand for primary inputs by the industrial sector. The elements of primary input, which are referred to are the remuneration of employees (A), the gross operating surplus (B) as well as net indirect taxes (T).

Quadrant IV is that portion of primary input, which is part of the final demand.

The linkage effects between the various sectors in the transaction matrix can be presented by xij, which shows the flow of goods from sector i to sector j.

The input-output model consists of three basic components:

- Transaction Table: illustrate the monetary flows of goods and services in a local economy for a given period
- Direct Requirements Table: indicates the purchases of resources (inputs) by a sector from all sectors to produce one Rand of output (creating a production recipe)
- Total Requirements Table: indicates the indirect and induced transactions caused by the purchases of resources (inputs) by a sector from all sectors

The input-output table is also based on certain basic assumptions:

- It is possible to group the different production activities in homogeneous industries
- The demand for intermediates by a particular sector will change in direct proportions to the specific sector's change in output
- No substitution of intermediates is possible due to price changes
- No technological change takes place
- Each sector produces only one primary product

It should be noted that:

- All rand values in the report represent 2024 current prices
- The different measures of economic impact cannot be added together and should be interpreted separately
- The model quantifies the economic impacts for a specific amount of time, and it is not derived gradually over time
- The input-output table is based on provincial supply and use tables, therefore, the multipliers and other related data measure economic impacts throughout the provincial economy (Quantec derived multipliers based on StatsSA Annual Financial Statistics, GDP at various economic levels, employment data and quarterly labour force surveys, 2024).

Impacts are traced through the provincial economy in terms of the application of a set of multipliers derived from provincial economic accounts (only local transactions are used to create the multiplier effect).

A multiplier summarises the total impact that can be expected throughout the economy from one-unit change for a given sector. There are several types of multipliers used by the model:

- Output multipliers (Business revenue or sales): it estimates the total change in sales volume
- Employment multipliers: measures the total change in employment resulting from an initial change in output/production of a specific industry
- Value-added multiplier (GDP): provides an estimate of the additional value added to the products as a result of this economic activity. Value-added includes employee compensations, corporate profits, indirect business taxes, and proprietary and other property income. It is the sum of the remuneration of employees and the gross operating surplus.
- Income multiplier: measures the total increase in income in the local economy resulting from a 1 Rand increase in total output/production
- Taxation multiplier: measures the increase in tax revenue that the national treasury could collect from the operation of business activities
- SMME opportunities measure the potential of the economy to create opportunities for new SMME's based on the causal relationship with an increase in the GDP of the economy. The analysis also considers the relationship between SMME growth and black ownership. The relationship takes into consideration GDP growth (StatsSA) and concomitant business registration and ownership data (SARS).
- Potential skills requirements: measures the demand for jobs based on different skill levels, i.e. low, semi and skilled jobs
- Sector profiling: measures the linkage of defined land uses with sectors of the economy and estimates the impact that increased economic activity could have on the various components of the economy.
- In addition to the preceding multipliers, reference is also made to the need and demand for social amenities based on economic growth. The growth of the economy increases the demand for jobs. Consequently, an increased demand for jobs, aligned with increased livelihoods increases demand for social amenities. The impact tool seeks to measure the increased demand for a spectrum of social amenities.

Difference between multipliers and turnover:

Turnover is typically used as a synonym for the output or production of business. Turnover refers to the number of times some of the initial Rand that is received from outside the community, changes hands within the community. Example: 1 Rand received from a new investment changes hands five times within the local economy. The multiplier is 1.66, although some portion of the initial Rand turns over five times.

During each exchange of money for goods or services, some of the original Rand leaves the local economy, which reduces the amount spent locally during the next exchange. Multipliers measure the full impact of a Rand on the local economy, whereas turnover merely indicates the number of times some of the initial Rand is spent locally.

The economic impact can be measured in terms of three effects:

- Direct effects: those economic effects caused by the new investment or proposed project
- Indirect effects: occurs to industries in the backward linked industries that supply goods and services to the proposed development. Economic activity triggered by the purchases made as a result of the initial round of project expenditure
- Induced effects: result from households spending some of the additional income they receive on goods and services within the local, regional and provincial economies.

There are two types of multipliers:

- Type 1 multipliers: Include direct or initial spending, as well as indirect spending or business buying and selling to each other
- Type 2 multipliers: Include Type 1 multiplier effects, plus household spending based on the income earned from the direct and indirect effects – the induced effects

In summary: Economic impacts represent the positive or negative effects caused by the expansion or contraction of an area's economy, resulting from the changes in a facility or project. In the case of the proposed project, it represents the impacts caused by the proposed construction activities.

Subsequent sections provide an overview of the estimated socio-economic impacts that could be caused by the implementation and operation of the proposed mixed-use development as well as the effect that the removal of commercial agricultural land could have of economic activity. The impact for the mixed-use development is estimated in terms of two project phases – the construction and the operational phases whilst the impact for the loss of commercial agricultural land is estimated for the current operational activities of the property.

3.3 Proposed Development Socio-Economic and Fiscal Impact Assessment

The purpose of this section is to assess the anticipated socio-economic impact that could be generated as a result of the implementation and operation of the proposed development's master plan. The estimated capital investment during the construction phase and operational revenue during the operational phase are used to quantify the potential impact on the regional, provincial and national economies.

The impact refers to the ripple effect throughout the economy caused by investment in a specific economic sector/land use. This impact stretches beyond the jobs and income generated by the original project. To estimate the total socio-economic impact, the input-output model is employed.

3.3.1 Key Indicators and Inputs

The following section provides an overview of the key indicators and inputs used to inform the input-output model. The data used as input to the model assists with calculating an estimated capital expenditure (CAPEX) and estimated operational revenue (OPEX) of the proposed development's master plan when fully developed and operational.

The following key indicators and inputs are based on the latest Block Plan (Master Plan) of the proposed development – compiled by URBANSTUDIO on 28 March 2024.

Diagram 3.3: Modelling Key Indicators and Inputs - Proposed Development

Land Use Type		Estimated Bulk (m^2)	CAPEX	OPEX
	Education	4 000	R49 072 800	R19 200 000
	Commercial (Business)	2 869	R39 357 946	R109 022 000
	Clubhouse (Entertainment)	900	R12 346 515	RR34 200 000
	Residential (80 du/ha)	25 750	R681 590 913	R80 461 540
	Residential (40 du/ha)	28 400	R751 735 220	R55 463 780
	Residential (Allotment Villa)	3 500	R61 763 625	R2 187 305
	Total	**65 419**	**R1 595 867 019**	**R300 534 625**

Source: DEMACON Modelling, 2024

3.3.2 IMPACT SYNOPSIS

Total Estimated Capital Investment and Operational Revenue

The total estimated capital investment of the Lyndoch Mixed Use Development (Net Present Value for the current year) is R1.6 billion - It should be noted that the Total CAPEX includes expenditure on furniture, fixtures, fittings and related services. The total estimated operational revenue (annualised on-site business sales or turnover) of the development (Net Present Value for the current year) is R300.53 million.

Summary of Construction Phase Impacts

Impacts generated during the construction phase of the project are once-off and are sustained for as long as construction occurs. These impacts dwindle as construction activity comes to an end and the development becomes operational – then operational impacts, which are created and sustained annually, are activated.

The total CAPEX (Capital Investment) of the project could temporarily add approximately R3.5 billion in additional business sales, R1.49 billion in additional GDP (contributes +1.49% to the provincial economy) and approximately 5 253 once-off jobs (formal and informal) throughout the Western Cape provincial economy. An estimated 13 formal small, medium and micro-enterprise opportunities could be created. Black-owned SMMEs would potentially represent 61.54% of new formal SMME opportunities, given the prevailing legislative environment.

Formal employment during the construction phase represents 4 111 jobs (total direct, indirect and induced). Approximately 21.31% of formal employment opportunities are expected to be filled by skilled labourers compared to 56.75% semi-skilled labourers and 21.94% low-skilled labourers. Additional compensation paid to employees during the construction phase is estimated to be approximately R526.92 million.

It is estimated that approximately R428.93 million in additional taxes could be generated during the construction phase. The largest contributor to new taxes is as a result of corporate taxes, contributing 33.44% to all taxes collected economywide.

Summary of Operational Phase Impacts

Operational phase impacts are generated when the productive-land uses of the development commence with operations. Impacts created during the operational phase are "sustained" impacts. “Sustained impacts” are impacts that are continuously generated (i.e. created and then sustained annually) as soon as the full operation of the project commences (long-term impacts).

The total OPEX (operational revenue) of the project could annually add approximately R561.72 million in additional business sales, R317.02 million in additional GDP (contributes +0.32% to the provincial economy) and approximately 888 sustained jobs (formal and informal) throughout the Western Cape provincial economy. An estimated 0 formal small, medium and micro-enterprise opportunities could be created throughout the lifetime of the project. Black-owned SMMEs would potentially represent 0% of new formal SMME opportunities, given the prevailing legislative environment.

Formal employment opportunities created throughout the lifetime of the project represents 725 jobs (total direct, indirect and induced). Approximately 34.34% of formal employment opportunities are expected to be filled by skilled labourers compared to 45.24% semi-skilled labourers and 20.41% low-skilled labourers. Additional annual compensation paid to employees during the operational phase is estimated to be approximately R101.34 million.

It is estimated that approximately R62.42 million in additional taxes could be generated during the operational phase. The largest contributor to new taxes is as a result of personal income tax, contributing 48.43% to all taxes collected economywide.

Overall Outcome

Overall, the construction and operational phase of the project would have a measurable positive effect on the Western Cape provincial economy, generating sizeable GDP over the short- to long-term, high additional business sales and new business formation and a considerable number of new employment opportunities - across all skill levels. Additional taxes can contribute to national and local treasuries and households across the province can increase their livelihoods. The increased demand for social amenities will influence the fiscus and operation of public sector entities. The increased pressure on the fiscus is offset by the addition of productive rateable assets through the envisaged capital investment in the project.

3.3.3 CONSTRUCTION PHASE IMPACTS

The following section provides a concise overview of impacts that could arise during the construction phase of the proposed project. For a detailed breakdown of construction phase impacts, please refer to Annexure A. Please note that all effects of the construction phase are unsustained meaning that impacts are once-off and sustained for the duration of the construction phase.

Overarching Impacts

Total estimated **CAPEX** of the project **R1.60 billion**

R3.5 billion	Additional Business Sales
R1.49 billion	Additional GDP
5 253 jobs	Additional Formal and Informal Jobs

Estimated Number of New Enterprise Opportunities

Micro Enterprises (1 to 10 employees)	Small Enterprises (11 to 50 employees)	Medium Enterprises (51 to 200 employees)
6	5	2

Calculations indicate that the total estimated GDP impact of the construction phase could create **13** new SMME enterprise opportunities

61.5% of opportunities could be **black owned**

Social Amenities Potentially Required

No social amenity impacts apply during the construction phase

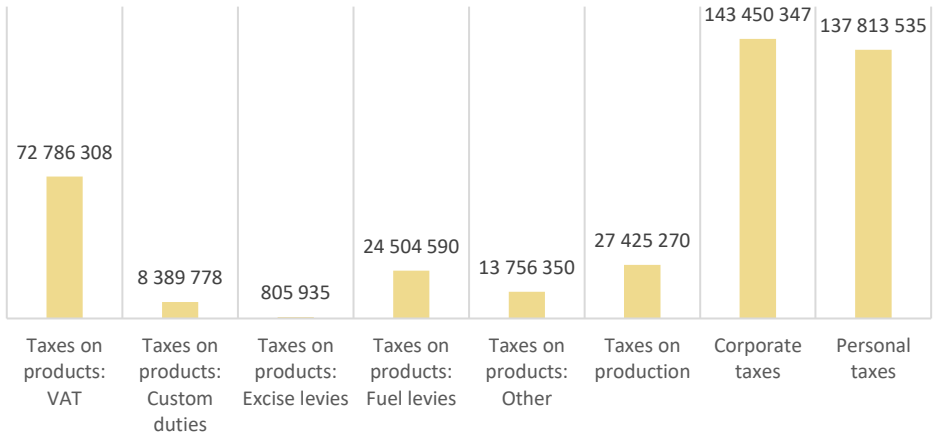
Formal Job Opportunities and Compensation

78.3% of total employment opportunities are **formal**

Skilled Jobs	21.3%
Semi-Skilled Jobs	56.7%
Low-Skilled Jobs	21.9%

Skilled Jobs	Semi-Skilled Jobs	Low-Skilled Jobs
876	2 333	902
Total Compensation for all Job Opportunities		
R149.6 million	R211.7 million	R165.6 million

Impact on Taxation



3.3.4 Operational Phase Impacts

The following section provides a concise overview of impacts that could arise during the operational phase of the proposed project. For a detailed breakdown of operational phase impacts, please refer to Annexure A. Please note that all effects of the operational phase are sustained meaning that impacts are continuously generated (i.e. created and then sustained annually) as soon as the full operation of the project commences (long-term impacts).

Overarching Impacts

Total estimated **OPEX** of the project **R300.5 million**

- **R561.7 million** Additional Business Sales
- **R317.0 million** Additional GDP
- **888jobs** Additional Formal and Informal Jobs

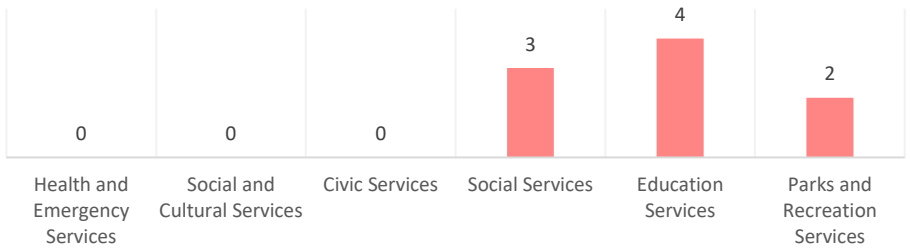
Estimated Number of New Enterprise Opportunities

Micro Enterprises (1 to 10 employees)	Small Enterprises (11 to 50 employees)	Medium Enterprises (51 to 200 employees)
0	0	0

Calculations indicate that the total estimated GDP impact of the construction phase could create **0** new SMME enterprise opportunities

0% of opportunities could be **black owned**

Social Amenities Potentially Required



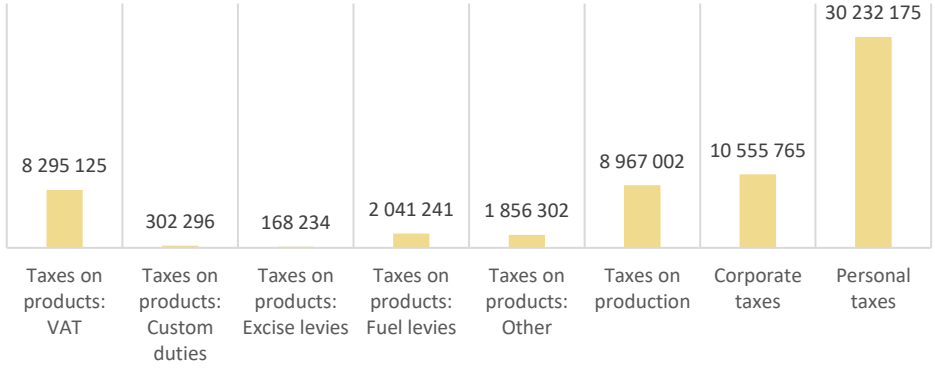
Formal Job Opportunities and Compensation

81.8% of total employment opportunities are **formal**

Skilled Jobs	34.4%
Semi-Skilled Jobs	45.2%
Low-Skilled Jobs	20.4%

Skilled Jobs	Semi-Skilled Jobs	Low-Skilled Jobs
249	328	148
Total Compensation for all Job Opportunities		
R41.8 million	R35.3 million	R24.2 million

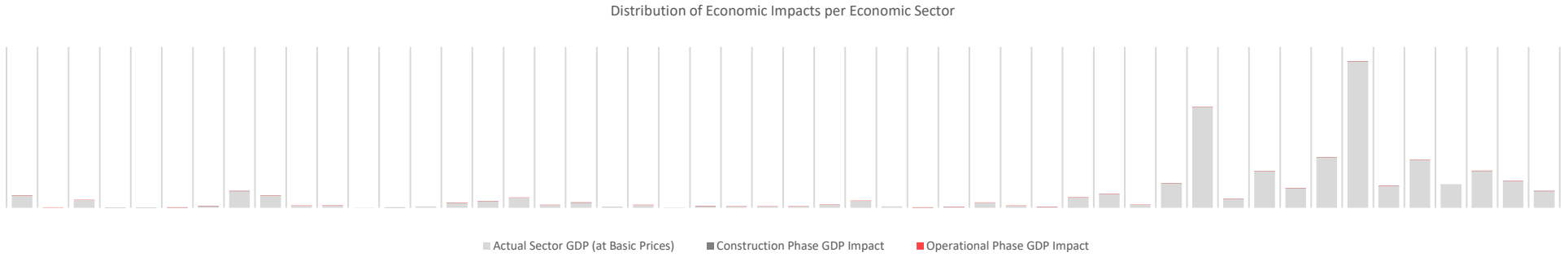
Impact on Taxation

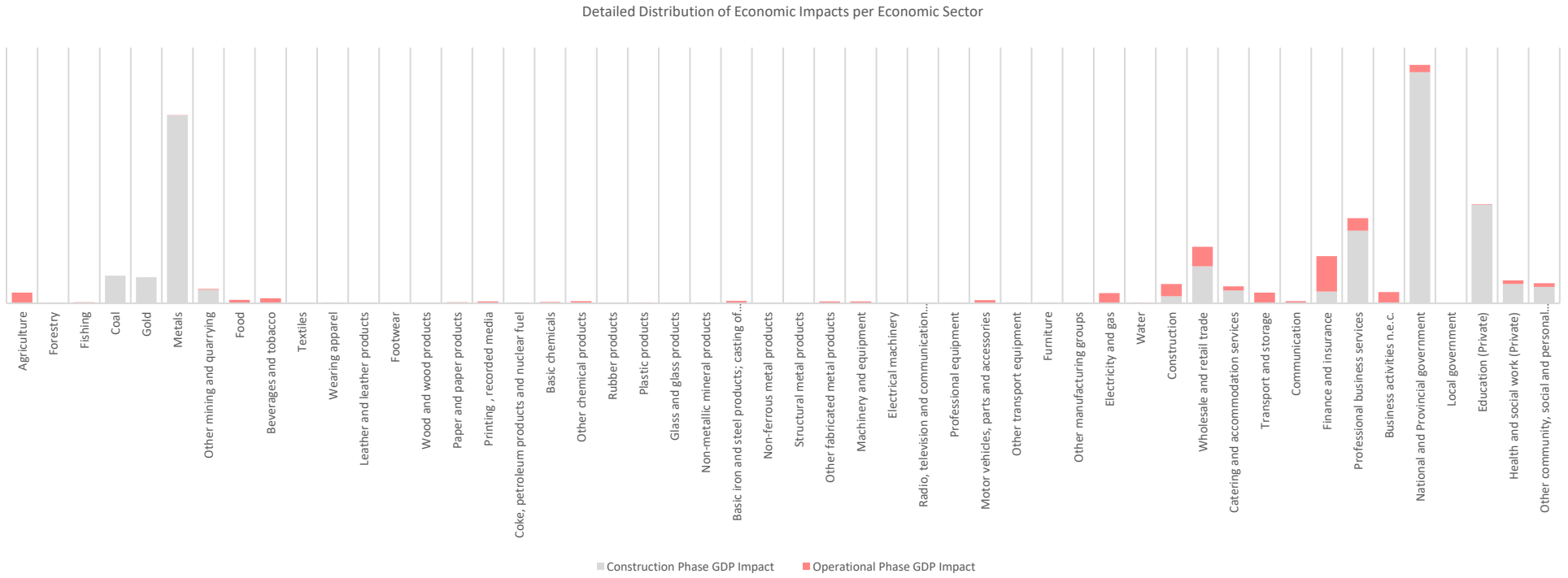


Property taxes total approximately **R8 003 615** per annum

3.3.5 EFFECTS ON THE PROVINCIAL ECONOMY

The following illustrates the impact that the proposed development has on the Western Cape provincial economy by providing a graphical representation of the distribution of added GDP as a result of the construction and operational phase of the project.





3.3.6 COST AND BENEFIT ANALYSIS OF THE IMPACT

The following provides a concise perspective on the cost and benefit of the proposed development, taking into account the outcome of the preceding impact assessment.

Cost		**Benefit (Impact)**					
Construction Phase (CAPEX)		**Unsustained Impacts**		**Direct (e.g. Industry)**	**Indirect (e.g. Value Chain)**	**Induced (e.g. Consumption)**	**Total**
Land, Buildings and Infrastructure	R1.53 billion	Financial Impact	Additional Business Sales	R2.4 billion	R427.6 million	R694.0 million	**R3.5 billion**
			Total Production, Product and Operational Taxes (including VAT, Levies, Personal Income Tax, Corporate Taxes, etc.)	R302.2 million	R47.1 million	R79.7 million	**R429.0 million**
			Property Rates and Taxes – Municipal				
		Economic Impact	Additional GDP (Market Prices)	R955.5 million	R190.3 million	R346.9 million	**R1.49 billion**
Furniture, Fittings and Related Services	R69.4 million	Business Impact – New business opportunities and/or business employment expansion	Micro Enterprise (1 to 10)	4	0	2	**6**
			Small Enterprises (11 to 50)	3	0	2	**5**
			Medium Enterprises (51 to 200)	2	0	0	**2**
Total CAPEX	**R1.60 billion**	Social Impact	Additional Jobs (Formal and Informal)	3 812	470	971	**5 253**
			Total Compensation Benefits of New Jobs Created (Salaries and Wages)	R343.8 million	R55.6 million	R127.5 million	**R526.9 million**
Operational Phase (OPEX)		**Sustained Impacts (annualised; at maturity)**		**Direct (e.g. Industry)**	**Indirect (e.g. Value Chain)**	**Induced (e.g. Consumption)**	**Total**
Total OPEX	**R300.5 million**	Financial Impact	Additional Business Sales	R371.2 million	R33.2 million	R157.3 million	**R561.7 million**
			Total Production, Product and Operational Taxes (including VAT, Levies, Personal Income Tax, Corporate Taxes, etc.)	R40.6 million	R3.7 million	R18.1 million	**R62.4 million**
			Property Rates and Taxes – Municipal	R8.0 million			
		Economic Impact	Additional GDP (Market Prices)	R221.6 million	R16.8 million	R78.6 million	**R317.0 million**
		Business Impact – New business opportunities and/or business employment expansion	Micro Enterprise (1 to 10)	0	0	0	**0**
			Small Enterprises (11 to 50)	0	0	0	**0**
			Medium Enterprises (51 to 200)	0	0	0	**0**
		Social Impact	Additional Jobs (Formal and Informal)	624	43	220	**888**
			Total Compensation Benefits of New Jobs Created (Salaries and Wages)	R67.0 million	R5.5 million	R28.9 million	**R101.3 million**

3.4 Existing Agriculture Operations Socio-Economic and Fiscal Impact Assessment

This section aims to assess the socio-economic impact generated by the day-to-day operations of the commercial agricultural activities on the proposed development site. The estimated expenditure on operational activities for wine grape production on the property, along with the estimated costs of processing these grapes into consumable products, are used to quantify the potential impact on the regional, provincial, and national economies.

The impact refers to the ripple effect throughout the economy caused by expenditure to support specific economic sector/land use activities. This impact stretches beyond the jobs and income generated by the original project. To estimate the total socio-economic impact, the input-output model is employed.

3.4.1 Key Indicators and Inputs

The following section provides an overview of the key indicators and inputs used to inform the input-output model. The data used as input to the model assists with calculating the estimated operational expenses (OPEX) of the of the current agricultural production activities on the property as well as the likely expenditure undergone to process the produce of the farm into related products and consumables.

The following key indicators and inputs are based on information contained in the Agriculture Impact Assessment Report (2023) compiled by AGRIinformatics and supported by information from sources such as Vinpro (Cost Guide 2024/25) and SAWIS (South African Wine Industry Statistics (2023)).

Diagram 3.4: Modelling Key Indicators and Inputs - Proposed Development

Land Use Type		Yield (tons)	OPEX
	Farm Wine Grape Production Costs	158.46	R2 185 331
	Downstream Wine Grape Processing and Wine Manufacturing Costs	158.46	R375 280
	Total		**R2 560 611**

Source: DEMACON Modelling, 2024

3.4.2 Impact Synopsis

Total Estimated Operational Expenditure

The total estimated annual operational expenditure (annualised on-site operational expenditure and market related processing of agricultural produce) of the development (Net Present Value for the current year) is R2.56 million.

Summary of Construction Phase Impacts

Because this impact assessment focusses on the operational activities of the farm given its commercial production of wine grapes, construction related expenditure has not been identified and has therefore been excluded.

Summary of Operational Impacts

Operational impacts are generated because of the operational activities of the farm and the resulting processing of produce produced by the farm for consumer goods. Impacts created during operations are "sustained" impacts. “Sustained impacts” are impacts that are continuously generated (i.e. created and then sustained annually).

The total OPEX (operational expenditure) of the farm and the processing of wine grapes into other products could annually add approximately R4.8 million in additional business sales, R1.97 million in additional GDP (contributes +0% to the provincial economy) and approximately 8 sustained jobs (formal and informal) throughout the Western Cape provincial economy. No additional formal small, medium and micro-enterprise opportunities could be created as a result of the current operational output of the farm.

Formal employment opportunities created as a result of the operational output of the farm represents 7 jobs (total direct, indirect and induced). Additional annual compensation paid to employees as a result of the operational output of the farm is estimated to be approximately R0.54 million.

It is estimated that approximately R0.46 million in additional taxes could be generated. The largest contributor to new taxes is as a result of personal income tax, contributing 39.34% to all taxes collected economywide.

Although the farm produces wine grapes, the yield generated by the farm does not generate substantial demand for additional goods and services throughout the provincial economy.

3.4.3 OPERATIONAL IMPACTS

The following section provides a concise overview of impacts that arise during the operations of the agricultural activities of the farm. For a detailed breakdown of operational impacts, please refer to Annexure B. Please note that all effects of the operational phase are sustained meaning that impacts are continuously generated (i.e. created and then sustained annually).

Overarching Impacts

Total estimated **OPEX** of the project **R2.6 million**

R4.8 million	Additional Business Sales
R2.0 million	Additional GDP
8 jobs	Additional Formal and Informal Jobs

Estimated Number of New Enterprise Opportunities

Micro Enterprises (1 to 10 employees)	Small Enterprises (11 to 50 employees)	Medium Enterprises (51 to 200 employees)
0	0	0

Calculations indicate that the total estimated GDP impact of the construction phase could create **0** new SMME enterprise opportunities

0% of opportunities could be **black owned**

Social Amenities Potentially Required

No additional social amenities are required.

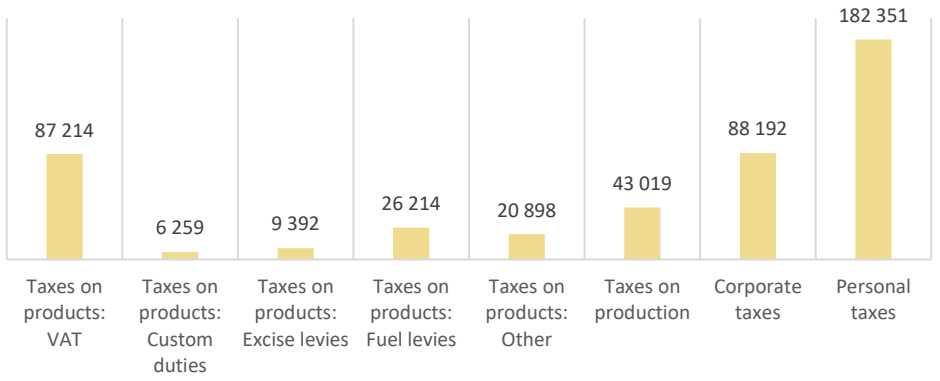
Formal Job Opportunities and Compensation

81.8% of total employment opportunities are **formal**

Skilled Jobs	15.1%
Semi-Skilled Jobs	30.6%
Low-Skilled Jobs	54.2%

Skilled Jobs	Semi-Skilled Jobs	Low-Skilled Jobs
1	2	4
Total Compensation for all Job Opportunities		
R178 983	R176 678	R188 191

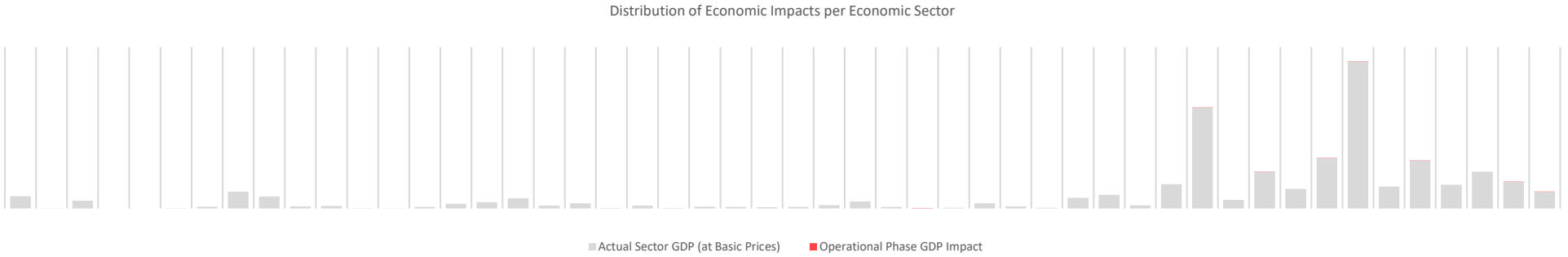
Impact on Taxation

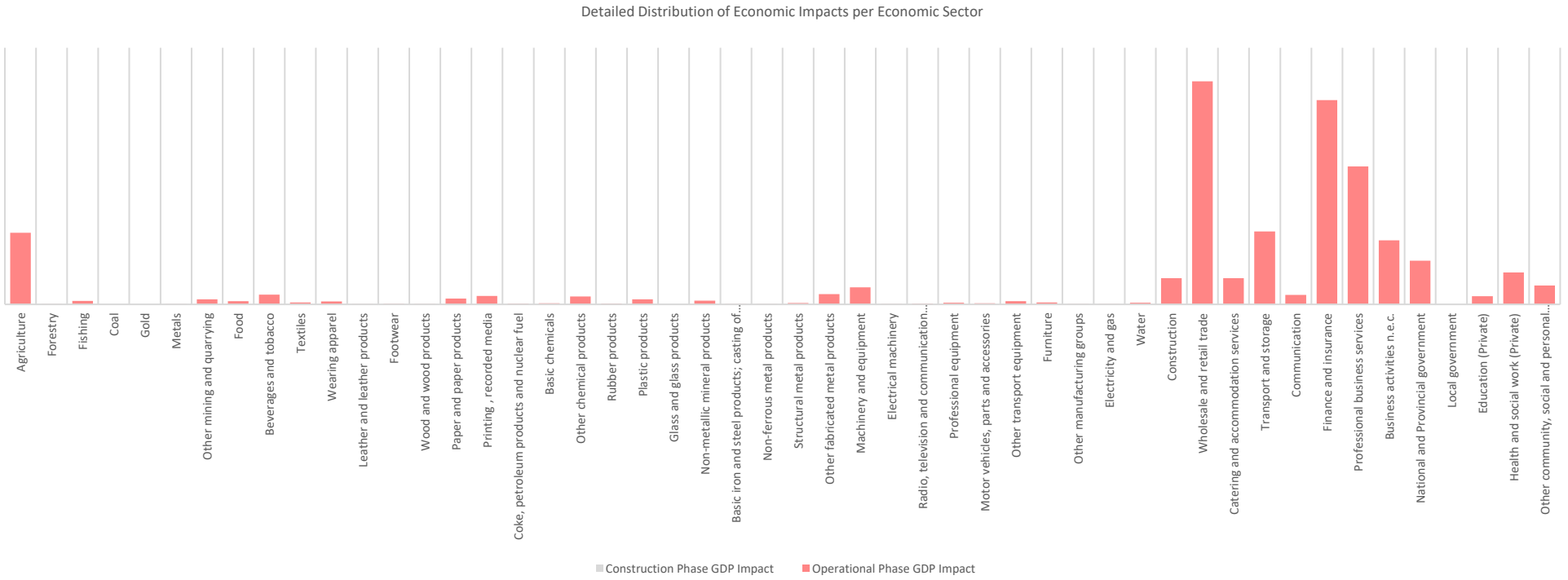


Property taxes total approximately **R15 760** per annum

3.4.4 EFFECTS ON THE PROVINCIAL ECONOMY

The following illustrates the impact that the proposed development has on the Western Cape provincial economy by providing a graphical representation of the distribution of added GDP as a result of the agricultural operations on the subject property.





3.4.5 COST AND BENEFIT ANALYSIS OF THE IMPACT

The following provides a concise perspective on the cost and benefit of the proposed development, taking into account the outcome of the preceding impact assessment.

Cost	Benefit (Impact)					
Construction Phase (CAPEX)	**Unsustained Impacts**		**Direct (e.g. Industry)**	**Indirect (e.g. Value Chain)**	**Induced (e.g. Consumption)**	**Total**
Land, Buildings and Infrastructure Furniture, Fittings and Related Services **Total CAPEX**	Financial Impact	Additional Business Sales	**No Impact**			
		Total Production, Product and Operational Taxes (including VAT, Levies, Personal Income Tax, Corporate Taxes, etc.)				
		Property Rates and Taxes – Municipal				
	Economic Impact	Additional GDP (Market Prices)				
	Business Impact – New business opportunities and/or business employment expansion	Micro Enterprise (1 to 10)				
		Small Enterprises (11 to 50)				
		Medium Enterprises (51 to 200)				
	Social Impact	Additional Jobs (Formal and Informal)				
		Total Compensation Benefits of New Jobs Created (Salaries and Wages)				
Operational Phase (OPEX)	**Sustained Impacts (annualised; at maturity)**		**Direct (e.g. Industry)**	**Indirect (e.g. Value Chain)**	**Induced (e.g. Consumption)**	**Total**
Total OPEX **R2.56.5 million**	Financial Impact	Additional Business Sales	R3.29 million	R0.37 million	R1.13 million	**R4.8 million**
		Total Production, Product and Operational Taxes (including VAT, Levies, Personal Income Tax, Corporate Taxes, etc.)	R0.29 million	R0.04 million	R0.13 million	**R0.46 million**
		Property Rates and Taxes – Municipal	R15 760			
	Economic Impact	Additional GDP (Market Prices)	R1.21 million	R0.19 million	R0.57 million	**R1.97 million**
	Business Impact – New business opportunities and/or business employment expansion	Micro Enterprise (1 to 10)	0	0	0	**0**
		Small Enterprises (11 to 50)	0	0	0	**0**
		Medium Enterprises (51 to 200)	0	0	0	**0**
	Social Impact	Additional Jobs (Formal and Informal)	6	1	2	**8**
		Total Compensation Benefits of New Jobs Created (Salaries and Wages)	R0.27 million	R0.07 million	R0.21 million	**R0.54 million**

3.5 IMPACT SYNOPSIS

The proposed mixed-use development is a scaled real estate development opportunity that aims to develop a mixture of residential, commercial, entertainment and education land uses as part of an integrated development in the Lynedoch area of Stellenbosch.

The proposed development is strategically positioned to not only contribute and support the optimal use of developable land within the current urban development boundary of the Stellenbosch administrative region, but also can unlock a myriad of long-term and sustained economic, socio-economic and fiscal benefits as a result of the projects' construction and operation.

At full maturity, the development will span 45 hectares of developable land, offering a diverse range of economically and fiscally productive land uses. It will feature over 800 residential units of varying densities, supporting a mixed-typology approach, while also incorporating complementary uses such as retail services, entertainment venues, and educational facilities.

However, it is important to note that the proposed site is currently used for commercial agriculture, specifically the production of wine grapes. The implementation of the proposed development would transform the property from its current agricultural use, leading to the removal of active agricultural land from the wine grape industry and the broader Western Cape agricultural sector. The agricultural potential of the property has been assessed as low and unviable for a range of agricultural activities, particularly for the current wine grape production, which, according to the Agricultural Impact Assessment (2023), is considered a temporary use.

Wine grape production on the farm is deemed temporary due to the declining yield from aging vineyards and the current market and input cost climate, which restricts investment in long-term sustainability. The Impact Assessment highlights that aging vineyards, limited capacity to replace end-of-life vineyards, and insufficient water resources for sustained irrigation have resulted in a current yield of 5.5 tons per hectare—significantly below the 15 tons per hectare needed for sustainable wine grape production. These factors indicate that, while the property does produce wine grapes, its commercial viability as a long-term agricultural asset is limited and under constant market pressure, diminishing the farm's ability to reinvest and maintain its commercial viability.

Given that the property currently serves an economic function through its agricultural output, it is crucial to weigh the economic benefits of its current state against those of the proposed mixed-use development. The socio-economic and fiscal impact assessment has focused on measuring the current and potential future economic and fiscal impacts of the property under both scenarios. The resulting quantification allows for a comparison of the economic and fiscal impacts of continued agricultural use versus the proposed development, determining the net economic benefit or cost associated with transforming the agricultural land.

The following table summarizes the socio-economic and fiscal impact assessment of the proposed development in comparison to the current agricultural use of the property.

Table 3.2: Summary of the Socio-Economic and Fiscal Impact Assessment of the Proposed Development in comparison to the Current Agricultural Use of the Property

	Proposed Development	Current Agricultural Use
Input Considerations		
Bulk m² and Other Considerations	65 419	Produces 158.5 tons of wine grapes per annum. Vineyards are reaching their end of life and current yields are below the required yield to sustain wine grape production
Construction Phase		

	Proposed Development	Current Agricultural Use
Input		
Construction Cost (includes land, infrastructure, furniture and fittings)	R1 595 867 019	
Impact		
Additional Business Sales	R3 496 988 265	No Impact
Additional GDP	R1 492 683 555	
Additional formal employment	4 111	
Estimated number of new enterprise opportunities	13	
Compensation of additional formal employment opportunities (annual)	R526 920 368	
Total additional taxation (Taxes on products and production, corporate taxes, personal income tax)	R428 932 116	
Operational Phase		
Input		
Operational Expenditure (land use specific)	R300 534 625	R2 560 611
Impact		
Additional Business Sales (per annum)	R561 723 704	R4 798 987
Additional GDP (per annum)	R317 017 638	R1 969 061
Additional formal employment	726	7
Estimated number of new enterprise opportunities	0	0
Compensation of additional formal employment opportunities (per annum)	R101 339 452	R543 851
Additional social amenities	9	0

	Proposed Development	Current Agricultural Use
Total additional taxation (Taxes on products and production, corporate taxes, personal income tax)	R62 418 141	R463 538
Total additional property taxation	R8 003 615	R15 760
Probability Rating		
Impact Prospects	**Moderate to High** The forecast impacts are likely to occur given the implementation of the proposed development. Take-up is forecast to accelerate as the development gains traction in the market.	**Low** The agricultural potential of the subject property for different types of agricultural production is assessed to be low and unviable.

Source: DEMACON Socio-Economic and Fiscal Impact Assessment Results

4 QUALITATIVE IMPACT ASSESSMENT

4.1 INTRODUCTION

The following chapter is focused on the qualitative impact assessment of the proposed mixed use development opportunity in the Lynedoch precinct of the Stellenbosch Local Municipality. The purpose of this assessment is to:

- identify potential impacts that may arise from the project during the construction and operational phase,
- assess identified impacts based on a scientific methodology in order to outline the extent, scale, magnitude, probability and significance of each impact, and
- to propose potential mitigation measures that can be implemented to minimize the severity of negative impacts and encourage greater output from positive impacts.

The chapter outlines the potential qualitative impacts that could arise during the construction and operational phases of the proposed development. The primary focus of the assessment is to identify the impact that the proposed development could have on the function of the local and regional economy within which the project is to operate.

The section outlines potential mitigation measures to ensure that negative impacts are minimised, and positive impacts are enhanced within the local community and economy.

4.2 IMPACT ASSESSMENT PROCEDURE

In order to adequately assess and evaluate the impacts and benefits associated with the project, it was necessary to develop a methodology that would scientifically achieve this and reduce the subjectivity involved in making such evaluations.

The evaluation of impacts is conducted in terms of a framework of criteria. The various socio-economic and fiscal impacts of the proposed project is measured in terms of the status, extent, duration, probability, and magnitude of the impact. By making use of the preceding measurements, a pre- and post-mitigation significance rating is calculated. Furthermore, the nature or status of the impact is determined by the conditions of the environment prior to construction and operation. A discussion on the status of the impact will include a description of what causes the effect, what will be affected and how it will be affected. The status of the impact can be described as negative, positive or neutral.

The following provides an outline and overview of the methodological elements described above.

Table 4.1: Criteria for Determining Impact Consequence

Aspect	Score	Definition
Status	+1	A benefit to the community
	0	No cost or benefit to the community
	-1	A cost to the community
Extent	1	Site-Specific (Occurs within the site boundary)
	2	Local (Extends beyond the site boundary - extending only as far as local community or urban area)
	3	Provincial / Regional (Extends far beyond the site boundary - Widespread effect)
	4	National (i.e. South Africa)
	5	Across International Borders
Duration	1	Immediate (less than a year)
	2	Short term (1-5 years)
	3	Medium-term (6-10 years)
	4	Long term (longer than 10 years)
	5	Permanent (no mitigation measures or natural process will reduce the impact after construction)
Magnitude	1	Where the impact affects the social and/or economic environment in such a way that neutral, cultural and social functions and processes are not affected
	2	Where the impact affects the social and/or economic environment in such a way that neutral, cultural and social functions and processes are slightly affected
	3	Where the impact affects the social and/or economic environment in such a way that neutral, cultural and social functions and processes continue albeit in a modified way

Aspect	Score	Definition
	4	Where the impact affects the social and/or economic environment in such a way that neutral, cultural and social functions and processes are altered to the extent that it will temporarily cease
	5	Where the impact affects the social and/or economic environment in such a way that neutral, cultural and social functions and processes are altered to the extent that it will permanently cease
Probability	1	The impact will not occur
	2	The possibility of the impact materialising is very low
	3	There is a possibility that the impact will occur
	4	The impact may occur
	5	It is expected that the impact will occur

Source: DEMACON, 2024

The following table provides an overview of the significance rating of each impact. the significance rating is calculated pre- and post-mitigation in order to determine the extent to which mitigation measures can mitigate the impacts of the project.

Table 4.2: Impact Significance Rating

Significance Rating	Description
0	The impact has limited influence, or the impact is unknown
Up to 15	Low - The impact does not have a direct influence on the decision to develop in the area
16 to 30	Low to Medium - There is an impact, but can be mitigated
31 to 45	Medium - The impact could influence the decision to develop in the area unless it is effectively mitigated
46 to 60	Medium to High - The impact will have a direct influence on the decision to develop but there are means of mitigating the impact, although these may be difficult as well as expensive
Above 60	High - The impact will have a direct influence on whether to develop, but there is limited scope to mitigate these impacts

Source: DEMACON, 2024

4.3 Qualitative Impact Assessment

The purpose of the qualitative socio-economic and fiscal impact assessment is to complement and enhance the quantitative assessment by providing a comprehensive understanding of the broader range of potential impacts that could result from the proposed project. The purpose of the qualitative impact assessment is to:

- Assess each relevant impact identified based on an impact assessment framework that measures the risk of an impact based on factors such as nature, extent, duration, probability and magnitude and
- Determine a significance rating for each impact and based on the nature of the impact identify and provide mitigation measures and alternatives

The section outlines the potential qualitative impacts that could arise during the construction and operational phases of the proposed project. Additionally, potential mitigation measures to ensure that negative impacts are minimised, and positive impacts are enhanced within the local community and economy are identified.

The following sections will provide a qualitative impact assessment of potential impacts that may arise from the construction and operation of the proposed project. The assessment is based on the methodology outlined in Section 1.3 of this report.

4.3.1 Construction Phase Qualitative Impact Assessment

The following section provides an overview of the potential impacts that could arise during the construction phase of the proposed project and measures the identified impacts within the qualitative impact assessment framework. The section firstly focusses on identifying potential impacts and thereafter qualitatively measures each impact pre- and post-mitigation.

4.3.1.1 Impact Identification

This section focusses on identifying and outlining the key impacts that the proposed development could have on the receiving socio-economic environment during the construction phase.

The potential impacts arising from the construction of the proposed development span across diverse areas and encompass multiple core themes. Consequently, the subsequent section delineates these thematic categories, within which the

identified impacts are presented, showcasing the impacts associated with each individual theme.

Theme 1: Impact on the Local and Regional Business Base

The proposed development could, as per the quantitative impact assessment, have a measurable impact on the receiving demography and economy and the broader containing economic geographies during its construction phase - the quantitative analysis reveals that the capital expenditure during the construction phase of the project could be as much as R1.6 billion, stimulating nearly R1.5 billion in additional GDP and R3.5 billion in additional business sales. This additional output will be the result of expenditures across the entire value chain of the construction industry, including both backward and forward linkages. These expenditures will create direct, indirect, and induced effects, leading to increased economic production and the demand for related services and inputs.

While an augmented economic output has the potential to invigorate demand across the construction industry value chain, the influence and repercussions attributed to "construction mafia" entities could undermine the project's economic value. This in turn could curtail the project's capacity to contribute positively to local communities through avenues such as employment opportunities, business growth, and overall economic sustainability.

Theme 2: Stimulation of Employment Opportunities

The measurable economic potential of the proposed project's construction phase could also stimulate additional employment opportunities throughout the economy. Even though site-specific construction related employment opportunities will be created, increased economic output and demand for services and inputs throughout the construction sector's value chain could stimulate the need for additional employment opportunities to support increased demand and output requirements. The quantitative analysis of the construction phase identifies that nearly 5 300 additional unsustained employment opportunities could be created throughout the construction period of the project economy-wide (construction period is currently unknown).

Site-specific and value chain related employment opportunities could benefit the local community and, al be it temporary, contribute toward addressing the persistent unemployment rate of the receiving economy (14.5%).

Theme 3: Impact on Local Communities

As highlighted earlier, the construction phase of the project is poised to generate a multitude of on-site employment openings and holds the potential to ignite employment prospects within the recipient economy. These available job positions may, in part, be taken-up by local labourers, contributing to augmented household incomes and the betterment of livelihoods within the community.

Furthermore, the households experiencing heightened income levels might also foster increased demand for goods and services, potentially amplifying the need for social facilities. However, this surge in amenity demand might inadvertently place stress on the local supply capacity, potentially exacerbating prevailing supply shortages even though the project proposes the construction of a school and private healthcare facility.

The sudden increase in people on the development site and its immediate surrounds as a result of construction related activities and opportunity seekers could increase the prospect of crime in the immediate communities. As a result, an increase in construction related activities would require a concomitant increase in policing activity to maintain the safety and security of communities.

Lastly, the heightened movement activity associated with construction operations could disrupt existing traffic patterns around the project site and along major routes connecting key nodes, economic zones, and settlements. The increased daily movement of labourers to and from the construction site could disrupt normal traffic flow and established movement patterns.

Theme 4: Infrastructure and Utilities

The period of construction of the proposed project is currently unknown – market demand estimations suggest that the take-up of the proposed development could occur over a 10-year period. During this time, however, construction activities as well as heightened economic activity could place additional demand on existing transportation infrastructure (primarily roads). As a result, an increased maintenance burden is placed on the authority administrating local and regional roads that will be impacted by the proposed project's construction activity movement.

Additionally, the increased labour in the receiving environment accompanied by increased livelihoods in the local community and the construction activities could create additional demand for bulk utilities – electricity, water, sanitation, etc., in

light of the prevailing moderate- to high-levels of access to bulk and related infrastructure and services in the area.

Because the project is changing the use of the property upon which it is being built, state revenue is increased through additional rates and taxes. These additional rates and taxes could contribute toward addressing inter alia infrastructure supply and maintenance demands.

Theme 5: Natural Environment and Agriculture

The duration and extent of construction activities on the proposed development site could create air, noise and pollutant exposure that could impact on existing local communities by contributing to their existing burden of disease.

The proposed development will result in a change in land use for the property on which it is being built, transitioning from agricultural to a mixed-use area comprising residential, business, healthcare, education, entertainment, open space, and infrastructure. Currently, the property is used for commercial agriculture, primarily for growing wine grapes. However, an Agriculture Impact Assessment conducted for the property indicates that its agricultural potential is low, and in some cases, unviable.

The assessment notes that wine grape production on the property is significantly below the level required to sustain commercial agriculture. The vineyards are nearing the end of their productive life, and factors such as aging vines, limited irrigation, reliance on rainfed crops, and rising input costs make vineyard replacement economically unfeasible. As a result, the productivity of the property is anticipated to decline in the short to medium term, rendering it insufficient to support commercial wine grape production. This trend aligns with current market conditions in the Stellenbosch wine grape production area.

Quantitative analysis of the farm's current output shows that the property generates R2.6 million in operational expenditure through wine grape production and processing. This activity supports approximately 8 jobs, contributes nearly R2 million to GDP, and generates less than R5 million in additional business sales. In comparison, the proposed development will have a much greater economic impact. The property currently represents a limited production unit with minimal potential for economic expansion, and its economic value will continue to decline as productivity decreases due to aging vineyards, limited irrigation, and increasing input costs.

Agricultural activities such as irrigated cultivation, dryland farming, and livestock operations are also considered low-potential due to insufficient irrigation, the small size of the property, topographical challenges, and low to medium soil quality.

While the transformation of the property will remove farmland used for wine grape production, contributing to the reduction of available agricultural land in South Africa's broader wine-producing area, the current output of the property is only about 150 tons of grapes annually - ±0.2% of the total Stellenbosch annual yield. This contribution to the local and regional economy is minor, and the current agricultural activities are well below the threshold for sustainable production.

Given the low viability of continued agricultural use, the transformation of the property into a mixed-use development will enable more productive land uses, contributing positively to the local economy, urban development, and socio-economic conditions.

Table 4.3: Construction Phase Impacts Identified

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
Impact on Local and Regional Business Base	**Impact** • The construction phase of the project will generate demand for goods and services necessary to sustain construction activities. This sustained demand over the construction phase could lead to additional business sales throughout the construction industry's value chain (increased economic output, production and gross value added). **Mitigation Measures** • The sourcing of construction inputs by the implementing agent should, as far as possible, be sourced from the receiving economy, i.e., business within the receiving economy capable of servicing the construction activity.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	• Prior to construction, implementers should engage with local businesses and suppliers to determine the capability and financial viability of sourcing from local businesses. **Cumulative Impacts** • The overall impact will create value throughout the backward linking industries required to support construction efforts and therefore could generate additional economic benefits to the receiving, provincial and national economy and its socio-economic environment. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local and Regional Business Base	**Impact** • The demand for goods and services required to sustain construction activities may not be fully serviced by the local economy's existing construction sector value chain and as a result would need to source goods and services from outside the local economy. **Mitigation Measures** • Should it be required that goods and services be sourced from outside the receiving economy, value chain development initiatives could be drafted between the implementer of the project and local suppliers and businesses to assist local businesses with expanding their access to the broader value chain and its markets. **Cumulative Impacts** • The overall impact will create value throughout the backward linking industries required to support construction efforts and therefore could generate additional economic benefits to the receiving, provincial and national economy and its socio-economic environment. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local and Regional Business Base	**Impact** • Increased economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created. **Mitigation Measures** • The sourcing of goods and services should be prioritised within the receiving economy. • Agencies such as the Stellenbosch Business Forum, National Empowerment Fund, Wesgro, etc., should extend their support to local businesses. This could involve offering guidance and supplementary business support measures, all aimed at empowering the businesses that experience gains throughout the construction phase. This assistance would enable these local and regional enterprises to not only thrive during the immediate term but also to foster sustainable business practices for the long run. **Cumulative Impacts** • The overall impact will create value throughout the backward linking industries required to support growing businesses and therefore could generate additional economic benefits to the receiving, provincial and national economy and its socio-economic environment. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local and Regional Business Base	**Impact** • The effective execution of the proposed project might face hindrance due to the presence of local 'construction mafias'. The possibility exists that these entities intimidate external labour sources, disrupt the local community, and consequently causes delays in project completion.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	Mitigation Measures • It is important that the necessary community/business community engagement is undertaken to, as far as possible, source supply chain inputs from local businesses, entrepreneurs and construction agents (includes labour). **Cumulative Impacts** • Such a scenario could potentially lead to significant disruptions in the project's punctual completion and delivery. Moreover, it has the potential to undermine the intended outcome of the project, influence investor appetite, enable nodal and local growth potential and reduce community orientated socio-economic benefits.. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local and Regional Business Base	**Impact** • The labour force involved in the construction of the intended project could drive a surge in demand for lodging facilities and related services within the host economy. This heightened demand arises from the need to accommodate workers who aren't native to the area. This situation presents an opportunity for local lodging providers to experience extended periods of high occupancy, consequently leading to increased revenue streams. **Mitigation Measures** • It's important to proactively identify potential local accommodation service providers. In instances of scarcity, it becomes crucial to locate alternative lodging options and, if deemed necessary, establish plans for temporary accommodations. **Cumulative Impacts** • The overall impact will create value throughout the backward linking industries required to support the residential industry and therefore could generate additional economic benefits to the receiving, provincial and national economy and its socio-economic environment. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Stimulation of Employment Opportunities	**Impact** • The construction of the proposed project will create temporary construction related employment opportunities on-site (across the skills spectrum). **Mitigation Measures** • Labour to be employed at the proposed project should so far as possible be sourced from local markets. • The sourcing of employment from the local market will be dependent on the availability of skills. Should the necessary skills not be available, skilled labour should be sourced from beyond the receiving economy. • The sourcing of labour should also consider the role of woman and other previously disadvantaged communities. **Cumulative Impacts** • The overall impact will create employment opportunities that will temporarily contribute to easing the high unemployment rate of the receiving socio-economic environment. These employment opportunities also contribute to improved household livelihoods **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Stimulation of Employment Opportunities	**Impact** • New employment opportunities throughout the construction industry’s value chain could be stimulated as a result of the increased demand generated by the construction of the proposed project. **Mitigation Measures**

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	• No mitigation is required. **Cumulative Impacts** • The overall impact will create employment opportunities that in turn will induce economic effects such as increased household incomes and consumer spending. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Stimulation of Employment Opportunities	**Impact** • It might be necessary to temporarily import various tiers of skilled labour to the region to effectively carry out construction activities. **Mitigation Measures** • To mitigate the potential 'importation' of labour due to insufficient skills in the local labour force, consideration should be given to skills training in the local community. • Employment during the construction phase should also be focused on local procurement as far as possible. • Additionally, should the import of labour from outside the current labour pool be necessary, the focus should be temporary imports until such time that the local labour force has sufficient skills to undertake construction activities. **Cumulative Impacts** • The overall impact could remove employment opportunities from the receiving socio-economic environment and limit the potential of local communities to benefit from employment opportunities created. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local Communities	**Impact** • Employment opportunities created on-site by the project during the construction phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities. **Mitigation Measures** • By procuring employment from local communities, a rise in household income would be created and directly affect the livelihood of local communities. • The procurement of local labourers would be dependent on the availability of necessary skills **Cumulative Impacts** • The overall impact could see an improvement in household livelihoods which could lead to the increased demand for goods, services and social amenities. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local Communities	**Impact** • Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods during the construction phase. This could place an additional burden on existing social amenities and services due to an increase in demand. **Mitigation Measures** • Local authorities in conjunction with the implementing agent should undertake appropriate studies to determine the possible extent of demand generated for social amenities and services during the construction phase.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	• Sufficient knowledge regarding potential short-falls could allow for the expansion of, or implementation of, additional services to accommodate short-term demand as well as function as mitigation measures for medium- to long-term demand. **Cumulative Impacts** • The overall impact could see a widening in the social amenities and services supply gap and could exasperate existing supply inefficiencies. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local Communities	**Impact** • Where labour is sourced from beyond the receiving economy the receiving socio-economic environment's labour absorption capacity is diminished and the spending of money earned locally is reduced – remittances to homesteads. In the event that labour must be sourced from outside the local area, these migrants could be viewed as temporary. **Mitigation Measures** • To mitigate the effects of large-scale in-migration to the socio-economic receiving environment, necessary planning and research should be undertaken. • A local migration plan by the local government and the implementing agent should be considered in order to identify the potential size of migration to the area, potential locations for settlement and the additional strain placed on the local economy, services and infrastructure. • The migration plan should be done in conjunction to spatial planning policies of local government in order to ensure sustainable and efficient spatial remedies and objectives. **Cumulative Impacts** • Migration into the socio-economic receiving environment is low and could be adjusted upward due to the construction of the proposed project. Sudden in-migration to the area and the concomitant increase of population could place stress on existing services and amenities. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local Communities	**Impact** • An influx of population to the receiving economy (employed or job-seekers) may lead to increased crime activity. Job-seekers that do not find employment may turn to crime and in turn influence community safety. The introduction of persons outside the local labour market (i.e. sourcing from other economic regions for instance) could introduce a criminal element. Additionally, contractors undertaking construction of the proposed development may also, due to bad behaviour, influence community safety through inappropriate actions. **Mitigation Measures** • Working hours should be kept to day-light hours. • Appointment of security services at the construction site. • Implement necessary health and safety standards and procedures. • Ensure local law enforcement monitors local communities for increased crime related to the construction of the project. **Cumulative Impacts** • The overall impact could see the increase in crime in the socio-economic receiving environment and as a consequence could influence the quality and safety of local communities. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
Impact on Local Communities	**Impact** • Due to construction activities, labour is transported to and from the construction site, i.e. from home to work and vice versa. Additionally, construction related transportation of goods and services will also occur. The daily movement of construction workers and related activities increases the load on the local transport network – influencing travel times and congestion. **Mitigation Measures** • The following could be considered: o Establish working hours that would assist with mitigating local community impacts and ensure operational efficiency o Avoid heavy trucks during peak traffic hours o The provision of adequate and strategically positioned traffic warning signs **Cumulative Impacts** • The overall impact could disrupt normal traffic flows on major routes and as a result impact on the efficiency of surrounding businesses (i.e. retailers, local farmers, etc.) **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Infrastructure and Utilities	**Impact** • Road infrastructure may experience increased pressure due to project related construction activities as well as the increased transportation of economic goods and services. Construction activities may generate vehicles in support of construction efforts. Likewise, increased economic activity could drive augmented demand for goods and services. The increased demand could require increased transportation of goods and services to the area. **Mitigation Measures** • Monitor and maintain infrastructure regularly used by construction vehicles and transporters for economic goods during the construction phase. **Cumulative Impacts** • The overall impact could impact on the quality of road infrastructure and as a result influence the capacity of local roads to be used by other industries (i.e. local retailers and farmers, etc.) **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Infrastructure and Utilities	**Impact** • Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities. **Mitigation Measures** • An infrastructure management plan should be developed in order to monitor and implement maintenance required to uphold transport infrastructure capacity. **Cumulative Impacts** • The overall impact could reduce the budget available to local authorities to implement or expand service delivery in other sectors and industries. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources

Impact on Infrastructure and Utilities	**Impact**
	• An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, construction activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts:
	  ○ Negative impacts relate to increased maintenance burden
	  ○ Positive impacts relate to increased revenue collection from service delivery
	Mitigation Measures
	• An infrastructure management plan should be developed in order to monitor and implement maintenance required to uphold utility infrastructure capacity.
	Cumulative Impacts
	• The overall impact could reduce the budget available to local authorities to implement or expand service delivery in other sectors and industries.
	Irreplaceable Loss of Resources
	• The impact is unlikely to result in irreplaceable loss of resources.

Impact on Infrastructure and Utilities	**Impact** • The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be utilised to support maintenance of infrastructure and improve the supply thereof. **Mitigation Measures** • Revenue generated through increase usage of utilities and increased property taxes collected should be applied to ensure maintenance and service delivery enhancement **Cumulative Impacts** • Improved maintenance could ensure sustainable delivery of municipal services. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on the Natural Environment and Agriculture	**Impact** • The construction phase will give rise to environmental factors that can impact health both on-site and in nearby communities. Common environmental factors, including elevated noise levels, increased dust and associated air pollutants, as well as visual impacts, may occur. **Mitigation Measures** • Appropriate environmental and pollutant mitigation measures must be implemented during construction. These measures should encompass: dust control; noise control; clear indications, signs, and buffers for hazardous areas; screenings and suitable buffers; and so forth **Cumulative Impacts** • The overall impact could contribute to the community's existing burden of disease, al be it temporary. **Irreplaceable Loss of Resources** • The impact could slightly alter the use of environmental resources.
Impact on the Natural Environment and Agriculture	**Impact** • The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation existing agricultural land is removed from the total inventory of agricultural land used for wine grape production and the broader wine production industry.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	Mitigation Measures • Although the property currently produces agricultural output, an assessment shows that its potential for commercial agricultural use is very low. The output is expected to decline over time due to high input costs, limited irrigation potential, and aging vineyards. Mitigating the loss of productivity would require substantial capital investment and a fundamental change in the growth rate of input costs—both of which are deemed unattainable. As a result, the property is likely to become unproductive over time and would benefit from alternative land uses that support future urban growth and sustainable economic activity. **Cumulative Impacts** • Overall reduces the available land for wine grape production. **Irreplaceable Loss of Resources** • The impact could slightly alter the use of environmental resources.
Impact on the Natural Environment and Agriculture	**Impact** • The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation the existing wine grape production on the property will cease and as a result less wine grapes will be available to support the broader wine and related product manufacturing value chain. **Mitigation Measures** • Although the property currently produces agricultural output, an assessment shows that its potential for commercial agricultural use is very low. The output is expected to deteriorate over time due to high input costs, limited irrigation potential, and aging vineyards. It should be noted that the wine grapes produced on the property account for less than 0.2% of the total wine grape production in the Stellenbosch area, indicating the minimal impact that repurposing the property would have on the region's overall production. If the property were capable of sustaining output levels sufficient for long-term agricultural viability, continued use for agriculture could be considered. However, with declining output, no prospects for vineyard replacement, and escalating production costs, the opportunity for the property to remain a commercially viable agricultural unit is limited. Therefore, alternative land uses present a more favourable investment. **Cumulative Impacts** • Overall reduces the available wine grape yield available to wine and related product producers. **Irreplaceable Loss of Resources** • The impact could slightly alter the use of environmental resources.

Source: DEMACON, 2024

4.3.1.2 MEASUREMENT OF IMPACTS

The preceding section discussed and identified socio-economic and fiscal impacts that may arise during the construction phase of the proposed project. The sections explored different socio-economic impacts as part of several impact themes and identified the cumulative and loss of resource potential of the different impact themes. Mitigation measures were also identified.

Considering the preceding, the following table provides information regarding the measurement of construction phase socio-economic and fiscal impacts within the qualitative impact assessment framework. Information provided by the table include:

- A description of the relevant impact theme and the socio-economic impacts that relate to the impact theme
- The phase in which the impact will likely occur
- The measurement of the impact in accordance with the qualitative impact assessment framework pre-mitigation
- The measurement of the impact in accordance with the qualitative impact assessment framework post-mitigation

Table 4.4: Measurement of Construction Phase Impacts

			Pre-Mitigation						Post-Mitigation					
Theme	**Impact**	**Phase**	Extent	Duration	Magnitude	Status	Probability	**Pre-Mitigation Environmental Risk**	Extent	Duration	Magnitude	Status	Probability	**Post-Mitigation Environmental Risk**
Impact on Local and Regional Business Base	The construction phase of the project will generate demand for goods and services necessary to sustain construction activities. This sustained demand over the construction phase could lead to additional business sales throughout the construction industry's value chain (increased economic output, production and gross value added).	Construction Phase	4	3	3	1	4	40	4	3	3	1	4	40
Impact on Local and Regional Business Base	The demand for goods and services required to sustain construction activities may not be fully serviced by the local economy's existing construction sector value chain and as a result would need to source goods and services from outside the local economy.	Construction Phase	4	3	3	-1	4	-40	4	3	3	-1	3	-30
Impact on Local and Regional Business Base	Increased economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created.	Construction Phase	2	3	3	1	3	24	2	3	4	1	3	27
Impact on Local and Regional Business Base	The effective execution of the proposed project might face hindrance due to the presence of local 'construction mafias'. The possibility exists that these entities intimidate external labour sources, disrupt the local community, and consequently causes delays in project completion.	Construction Phase	1	3	4	-1	3	-24	1	3	3	-1	2	-14
Impact on Local and Regional Business Base	The labour force involved in the construction of the intended project could drive a surge in demand for lodging facilities and related services within the host economy. This heightened demand arises from the need to accommodate workers who aren't native to the area. This situation presents an opportunity for local lodging providers to experience extended periods of high occupancy, consequently leading to increased revenue streams.	Construction Phase	2	3	2	1	3	21	2	3	3	1	3	24
Stimulation of Employment Opportunities	The construction of the proposed project will create temporary construction related employment opportunities on-site (across the skills spectrum).	Construction Phase	2	3	2	1	3	21	2	3	3	1	4	32
Stimulation of Employment Opportunities	New employment opportunities throughout the construction industry's value chain could be stimulated as a result of the increased demand generated by the construction of the proposed project.	Construction Phase	4	3	4	1	3	33	4	3	4	1	3	33

			Pre-Mitigation						Post-Mitigation					
Theme	**Impact**	**Phase**	Extent	Duration	Magnitude	Status	Probability	**Pre-Mitigation Environmental Risk**	Extent	Duration	Magnitude	Status	Probability	**Post-Mitigation Environmental Risk**
Stimulation of Employment Opportunities	It might be necessary to temporarily import various tiers of skilled labour to the region to effectively carry out construction activities.	Construction Phase	3	3	4	-1	4	-40	3	3	3	-1	3	-27
Impact on Local Communities	Employment opportunities created on-site by the project during the construction phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.	Construction Phase	2	3	3	1	4	32	3	3	4	1	4	40
Impact on Local Communities	Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods during the construction phase. This could place an additional burden on existing social amenities and services due to an increase in demand.	Construction Phase	2	3	3	-1	3	-24	2	3	2	-1	3	-21
Impact on Local Communities	Where labour is sourced from beyond the receiving economy the receiving socio-economic environment's labour absorption capacity is diminished and the spending of money earned locally is reduced – remittances to homesteads. In the event that labour must be sourced from outside the local area, these migrants could be viewed as temporary.	Construction Phase	3	3	4	-1	4	-40	3	3	3	-1	4	-36
Impact on Local Communities	An influx of population to the receiving economy (employed or job-seekers) may lead to increased crime activity. Job-seekers that do not find employment may turn to crime and in turn influence community safety. The introduction of persons outside the local labour market (i.e. sourcing from other economic regions for instance) could introduce a criminal element. Additionally, contractors undertaking construction of the proposed development may also, due to bad behaviour, influence community safety through inappropriate actions.	Construction Phase	2	3	3	-1	3	-24	2	3	2	-1	2	-14
Impact on Local Communities	Due to construction activities, labour is transported to and from the construction site, i.e. from home to work and vice versa. Additionally, construction related transportation of goods and services will also occur. The daily movement of construction workers and related activities increases the load on the local transport network – influencing travel times and congestion.	Construction Phase	2	3	2	-1	3	-21	2	3	2	-1	2	-14
Impact on Infrastructure and Utilities	Road infrastructure may experience increased pressure due to project related construction activities as well as the increased transportation of economic goods and services. Construction activities may generate vehicles in support of construction efforts. Likewise, increased economic activity could drive augmented	Construction Phase	2	3	3	-1	3	-24	2	3	3	-1	2	-16

			Pre-Mitigation						Post-Mitigation					
Theme	**Impact**	**Phase**	Extent	Duration	Magnitude	Status	Probability	**Pre-Mitigation Environmental Risk**	Extent	Duration	Magnitude	Status	Probability	**Post-Mitigation Environmental Risk**
	demand for goods and services. The increased demand could require increased transportation of goods and services to the area.													
Impact on Infrastructure and Utilities	Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities.	Construction Phase	3	3	3	-1	3	-27	3	3	2	-1	3	-24
Impact on Infrastructure and Utilities	An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, construction activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts: • Negative impacts relate to increased maintenance burden • Positive impacts relate to increased revenue collection from service delivery	Construction Phase	3	3	2	-1	3	-24	3	3	2	-1	3	-24
Impact on Infrastructure and Utilities	The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be utilised to support maintenance of infrastructure and improve the supply thereof.	Construction Phase	3	3	2	1	3	24	3	3	3	1	4	36
Impact on the Natural Environment	The construction phase will give rise to environmental factors that can impact health both on-site and in nearby communities. Common environmental factors, including elevated noise levels, increased dust and associated air pollutants, as well as visual impacts, may occur.	Construction Phase	2	3	2	-1	2	-14	2	3	1	-1	1	-6
Impact on the Natural Environment	The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation existing agricultural land is removed from the total inventory of agricultural land used for wine grape production and the broader wine production industry.	Construction Phase	3	5	2	-1	5	-50	3	5	2	-1	5	-50
Impact on the Natural Environment	The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation the existing wine grape production on the property will cease and as a result less wine grapes will be available to support the broader wine and related product manufacturing value chain.	Construction Phase	2	5	2	-1	5	-45	2	5	2	-1	5	-45

Source: DEMACON, 2024

4.3.2 Operational Phase Qualitative Impact Assessment

The following section provides an overview of the potential impacts that could arise during the operational phase of the proposed project and measures the identified impacts within the qualitative impact assessment framework. The section firstly focusses on identifying potential impacts and thereafter qualitatively measures each impact pre- and post-mitigation.

4.3.2.1 Impact Identification

This section focusses on identifying and outlining the key impacts that the proposed project could have on the receiving socio-economic and fiscal environment during the operational phase.

The potential impacts arising from the operation of the proposed project span across diverse areas and encompass multiple core themes. Consequently, the subsequent section delineates these thematic categories, within which the identified impacts are presented, showcasing the impacts associated with each individual theme.

Theme 1: Impact on the Local and Regional Business Base

The proposed project could, as per the quantitative impact assessment, have a distinct impact on the receiving economy and the broader containing economic geographies during its operational phase - the quantitative analysis reveals that the annual operational revenue of the project could be as much as R301 million, stimulating nearly R62.4 million in additional GDP and R561.7 million in additional business sales. This additional output will be the result of expenditures across the entire value chain of the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project, including both backward and forward linkages. These expenditures will create direct, indirect, and induced effects, leading to increased economic production and the demand for related services and inputs.

Theme 2: Stimulation of Employment Opportunities

Due to the economic activity that will be generated across the entire value chain of the proposed project, encompassing local, regional, provincial, and national levels, the heightened and sustained demand for economic output has the potential to catalyse additional job opportunities within the economy. Beyond the employment opportunities directly tied to the project site, the ripple effect could result in job creation within industries connected to the project's value chain, thereby triggering a multiplier effect of increased economic demand.

Furthermore, it's important to note that the receiving economy is currently constrained in terms of its capacity to generate employment opportunities, and that the bulk of residents in the receiving socio-economic environment have not completed a secondary education or tertiary education. Thus, the existing workforce and skill sets may prove inadequate for the operational demands of the proposed project. This might necessitate the importation of labour to fulfil operational needs, or it could serve as a foundation to initiate skill development initiatives that cater to the long-term skill requirements of the project.

Theme 3: Impact on Local Communities

The operational phase of the project carries a prolonged impact on the economic and socio-economic landscape of the receiving environment. This enduring operational capacity has the potential to yield profound changes and opportunities within local communities, businesses across the value chain, and the overall socio-economic receiving framework, thereby enhancing the capacity of the receiving economy to uplift livelihoods.

The project's employment prospects, combined with the ripple effect of job creation throughout the value chain, hold the promise of establishing consistent income sources for households. This, in turn, could significantly influence the improvement of households' livelihoods. As livelihoods improve, there arises a heightened demand for essential services, economic offerings, products, and related personal services.

Moreover, the proposed development will offer mor than 800 residential units to households, creating a basis upon which a low-density area will experience a sizeable increase in households. Such influxes could potentially strain existing infrastructure and utility services, adding pressure to local communities.

Theme 4: Infrastructure and Utilities

The operational phase of the proposed project will create sustained economic activities not only as a direct result of the proposed project and its day-to-day operational needs, but also as a result of increased economic activity throughout the education, healthcare, retail and wholesale trade, property management industries, and within increased economic activities associated with businesses

and related industries that cater to demand for economic services and products from households.

These sustained economic activities will require consistent and frequent transportation of additional labour, goods, and services. As a consequence, transportation infrastructure may be subjected to increased usage and as a result be accompanied by an increased maintenance burden.

In conjunction, the proposed project will increase the demand for utility infrastructure such as water, sanitation and refuse removal. Likewise, an increase in the livelihoods of local communities and households throughout the value chain could place further stresses on existing bulk infrastructure. The increased and sustained demand could impact on the need and desirability to expand on existing bulk infrastructure supply.

Theme 5: Expansion of Productive and Rateable Fixed Assets

The proposed project will influence the land use category assigned to the development property on the municipal valuation roll. The Tariffs Policy of the local municipality identifies that the operator of the property would be paying an increased property rates amount. The increased rates amount adds additional revenue to the local authority which can be used to address socio-economic or infrastructure maintenance issues. It is, however, important to note that the fiscal benefit that the proposed development offers when compared to the current use of the property. At present the agricultural use of the property generates slightly more than R15 000 in fiscal benefits from property taxation. The introduction of the proposed development will expand the rates base and generate revenue from the sale of bulk services.

Table 4.5: Operational Phase Impacts Identified

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
Impact on Local and Regional Business Base	**Impact** • The operational phase of the project will generate sustained demand for goods and services necessary to maintain operational efficiency of all land uses included in the project. This sustained demand over the operational phase could lead to additional business sales throughout the education, healthcare, retail and wholesale trade industry value chains – also includes expenditure by households residing in the project (increased economic output, production and gross value added). **Mitigation Measures** • The sourcing of operational inputs should, as far as possible, be sourced from the receiving economy, i.e., business within the receiving economy capable of servicing operational requirements. • Prior to operations, operators should engage with local businesses and suppliers to determine the capability and financial viability of sourcing from local businesses. **Cumulative Impacts** • The overall impact will create value throughout the backward linking industries required to support operational activities and therefore could generate additional economic benefits to the receiving, provincial and national economy and its socio-economic environment. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local and Regional Business Base	**Impact** • The demand for goods and services required to sustain operational activities may not be fully serviced by the local economy's existing industries and as a result would need to source goods and services from outside the local economy. **Mitigation Measures** • Should it be required that goods and services be sourced from outside the receiving economy, value chain development initiatives could be drafted between the operator of the project and local suppliers and businesses to assist local businesses with expanding their access to the broader value chain and its markets. **Cumulative Impacts**

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	• The overall impact will create value throughout the backward linking industries required to support operational activities and therefore could generate additional economic benefits to the receiving, provincial and national economy and its socio-economic environment. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local and Regional Business Base	**Impact** • Increased and sustained economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created. **Mitigation Measures** • The sourcing of goods and services should be prioritised within the receiving economy. • Agencies such as the Stellenbosch Business Forum, National Empowerment Fund, Wesgro, etc., should extend their support to local businesses. This could involve offering guidance and supplementary business support measures, all aimed at empowering the businesses that experience gains as a result of the operation of the proposed project. This assistance would enable these local and regional enterprises to not only establish a basis for long-term growth but also to foster sustainable business practices for the long run. **Cumulative Impacts** • The overall impact will create value throughout the backward linking industries required to support growing businesses and therefore could generate additional economic benefits to the receiving, provincial and national economy and its socio-economic environment. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Stimulation of Employment Opportunities	**Impact** • The proposed project will create permanent operational employment opportunities on-site (across the skills spectrum). **Mitigation Measures** • Labour to be employed at the proposed project (i.e., at retail, education and healthcare facilities) should so far as possible be sourced from local markets. • The sourcing of employment from the local market will be dependent on the availability of skills. Should the necessary skills not be available, skilled labour should be sourced from beyond the receiving economy. • The sourcing of labour should also consider the role of woman and other previously disadvantaged communities. **Cumulative Impacts** • The overall impact will create employment opportunities that will contribute to easing the high unemployment rate of the receiving socio-economic environment. These employment opportunities also contribute to improved household livelihoods **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Stimulation of Employment Opportunities	**Impact** • New employment opportunities throughout the education, healthcare and retail industry value chains could be stimulated as a result of the increased demand generated by the operation of the proposed project. Household expenditure also contributes to the stimulation of economic activity and could influence the demand for employment opportunities. **Mitigation Measures** • No mitigation is required.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	Cumulative Impacts • The overall impact will create employment opportunities that in turn will induce economic effects such as increased household incomes and consumer spending. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.

Stimulation of Employment Opportunities	**Impact**
	• The local economy faces constraints in terms of its available skilled labour force. This localised supply-side limitation could potentially result in a disparity between the required number of labourers with diverse skill levels needed for the operation of the services and amenities offered within the proposed project.
	Mitigation Measures
	• To mitigate possible localised labour supply side constraints during the operational phase, due consideration should be given to creating programmes that undertake either:
	  ○ Generic skills training,
	  ○ Targeted training in specific skills,
	  ○ Targeted training for specific skills shortages, or
	  ○ Training in firm-specific skills in/by companies
	• Pro-active mitigation could focus on training of employed and unemployed persons through skills development programmes targeting specific sectors at TVET and other colleges or localised programmes.
	Cumulative Impacts
	• The overall impact could see an increase of labour with skills across the skills spectrum.
	Irreplaceable Loss of Resources
	• The impact is unlikely to result in irreplaceable loss of resources.

Stimulation of Employment Opportunities	**Impact** • Given the localised and industry specific labour supply constraint that could arise during the operational phase, it might be necessary to import various tiers of skilled labour to the region to effectively carry out operational activities. **Mitigation Measures** • To mitigate the potential 'importation' of labour due to insufficient skills in the local labour force, consideration should be given to skills training in the local community. • Employment during the operational phase should also be focused on local procurement as far as possible. • Additionally, should the import of labour from outside the current labour pool be necessary, the focus should be temporary imports until such time that the local labour force has sufficient skills to undertake operational activities. **Cumulative Impacts** • The overall impact could remove employment opportunities from the receiving socio-economic environment and limit the potential of local communities to benefit from employment opportunities created. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local Communities	**Impact** • Employment opportunities created on-site by the project during the operational phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	Mitigation Measures • By procuring employment from local communities, a rise in household income would be created and directly affect the livelihood of local communities. • The procurement of local labourers would be dependent on the availability of necessary skills **Cumulative Impacts** • The overall impact could see an improvement in household livelihoods which could lead to the increased demand for goods, services and social amenities. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local Communities	**Impact** • Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods. This could place an additional burden on existing social amenities and services due to an increase in demand. **Mitigation Measures** • Local authorities in conjunction with the implementing agent should undertake appropriate studies to determine the possible extent of demand generated for social amenities and services over the life of the project. Although the project will offer additional healthcare and educational opportunities, the influx of people to area could negate the increased supply of social amenities. • Sufficient knowledge regarding potential short-falls could allow for the expansion of, or implementation of, additional services to accommodate short-term demand as well as function as mitigation measures for medium- to long-term demand. **Cumulative Impacts** • The overall impact could see a widening in the social amenities and services supply gap and could exasperate existing supply inefficiencies. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Local Communities	**Impact** • Without meticulous planning, the proposed project runs the risk of influencing the inherent "sense of place" within the immediate community. The proposed changes might potentially reshape the local environment's importance to the community, which, over time, could potentially impact how the community perceives and values the natural resource setting. **Mitigation Measures** • The design of the project should seek to enhance the environmental qualities of its immediate surrounds and should aim to incorporate proposed developments in a natural and functional manner. **Cumulative Impacts** • The overall impact could see the loss of “sense of place” which could divest communities from the value of the local environment. **Irreplaceable Loss of Resources** • The impact will result in a small loss of resources.
Impact on Local Communities	**Impact** • Due to operational activities, labour at the proposed project will move to and from the project site, i.e. from home to work and vice versa. Additionally, the transportation of goods and services required for operational activities will also occur. Furthermore, the movement of households to and from their places of residence contribute to traffic increases. The daily movement of employees and related activities increases the load on the local transport network – influencing travel times and congestion.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	Mitigation Measures • The following could be considered: ○ Establish working hours that would assist with mitigating local community impacts and ensure operational efficiency **Cumulative Impacts** • The overall impact could disrupt normal traffic flows on major routes and as a result impact on the efficiency of surrounding businesses (i.e. local businesses, residents, farmers, etc.) **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Infrastructure and Utilities	**Impact** • Road infrastructure may experience increased pressure due to the operational activities of the project as well as the increased transportation of economic goods and services. Operational activities (i.e., accessing of healthcare services, access to schools, access to retail amenities, etc.) may generate vehicles in support of operations. Likewise, increased economic activity could drive augmented demand for goods and services. The increased demand could require increased transportation of goods and services to the area. **Mitigation Measures** • Monitor and maintain infrastructure regularly used by construction vehicles and transporters for economic goods during the operational phase. **Cumulative Impacts** • The overall impact could impact on the quality of road infrastructure and as a result influence the capacity of local roads to be used by other industries (i.e. tourism, mining, etc.) **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Infrastructure and Utilities	**Impact** • Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities. **Mitigation Measures** • An infrastructure management plan should be developed in order to monitor and implement maintenance required to uphold transport infrastructure capacity. **Cumulative Impacts** • The overall impact could reduce the budget available to local authorities to implement or expand service delivery in other sectors and industries. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.

Impact on Infrastructure and Utilities	**Impact**
	• An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, operational activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts:
	  ○ Negative impacts relate to increased maintenance burden
	  ○ Positive impacts relate to increased revenue collection from service delivery
	Mitigation Measures
	• An infrastructure management plan should be developed in order to monitor and implement maintenance required to uphold utility infrastructure capacity.

Theme	Impact, Mitigation Measures, Cumulative Impacts and Irreplaceable Loss of Resources
	Cumulative Impacts • The overall impact could reduce the budget available to local authorities to implement or expand service delivery in other sectors and industries. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.
Impact on Infrastructure and Utilities	**Impact** • The land use change of the proposed development area could lead to additional rates and taxes generated during the operational phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be utilised to support maintenance of infrastructure and improve the supply thereof. **Mitigation Measures** • Revenue generated through increase usage of utilities and increased property taxes collected should be applied to ensure maintenance and service delivery enhancement **Cumulative Impacts** • Improved maintenance could ensure sustainable delivery of municipal services. **Irreplaceable Loss of Resources** • The impact is unlikely to result in irreplaceable loss of resources.

Source: DEMACON, 2024

4.3.2.2 MEASUREMENT OF IMPACTS

The preceding section discussed and identified socio-economic impacts that may arise during the operational phase of the proposed project. The sections explored different socio-economic impacts as part of several impact themes and identified the cumulative and loss of resource potential of the different impact themes. Mitigation measures were also identified.

Considering the preceding, the following table provides information regarding the measurement of construction phase socio-economic impacts within the qualitative impact assessment framework. Information provided by the table include:

- A description of the relevant impact theme and the socio-economic impacts that relate to the impact theme
- The phase in which the impact will likely occur
- The measurement of the impact in accordance with the qualitative impact assessment framework pre-mitigation
- The measurement of the impact in accordance with the qualitative impact assessment framework post-mitigation

Table 4.6: Measurement of Operational Phase Impacts

			Pre-Mitigation						Post-Mitigation					
Theme	**Impact**	**Phase**	Extent	Duration	Magnitude	Status	Probability	**Pre-Mitigation Environmental Risk**	Extent	Duration	Magnitude	Status	Probability	**Post-Mitigation Environmental Risk**
Impact on Local and Regional Business Base	The operational phase of the project will generate sustained demand for goods and services necessary to maintain operational efficiency. This sustained demand over the operational phase could lead to	Operational Phase	4	4	2	1	4	40	4	4	3	1	4	44

			Pre-Mitigation						Post-Mitigation					
Theme	**Impact**	**Phase**	Extent	Duration	Magnitude	Status	Probability	**Pre-Mitigation Environmental Risk**	Extent	Duration	Magnitude	Status	Probability	**Post-Mitigation Environmental Risk**
	additional business sales throughout the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project (increased economic output, production and gross value added).													
Impact on Local and Regional Business Base	The demand for goods and services required to sustain operational activities may not be fully serviced by the local economy's existing industries and as a result would need to source goods and services from outside the local economy.	Operational Phase	4	4	2	-1	4	-40	4	4	1	-1	3	-27
Impact on Local and Regional Business Base	Increased and sustained economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created.	Operational Phase	2	4	2	1	3	24	2	4	3	1	4	36
Stimulation of Employment Opportunities	The proposed project will create permanent operational employment opportunities on-site (across the skills spectrum).	Operational Phase	1	4	2	1	5	35	1	4	3	1	5	40
Stimulation of Employment Opportunities	New employment opportunities throughout the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project could be stimulated as a result of the increased demand generated by the operation of the proposed project.	Operational Phase	4	4	4	1	3	36	4	4	4	1	3	36
Stimulation of Employment Opportunities	The local economy faces constraints both in terms of its size, reflected in its economic output, and its available labour force. This localised supply-side limitation could potentially result in a disparity between the required number of labourers with diverse skill levels needed for the operation of the proposed project.	Operational Phase	2	4	3	-1	4	-36	2	4	2	-1	3	-24
Stimulation of Employment Opportunities	Given the localised and industry specific labour supply constraint that could arise during the operational phase, it might be necessary to import various tiers of skilled labour to the region to effectively carry out operational activities.	Operational Phase	3	4	3	-1	4	-40	3	4	2	-1	3	-27
Impact on Local Communities	Employment opportunities created on-site by the project during the operational phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.	Operational Phase	2	4	3	1	3	27	2	4	4	1	4	40
Impact on Local Communities	Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people	Operational Phase	2	4	2	-1	3	-24	2	4	2	-1	2	-16

			Pre-Mitigation						Post-Mitigation					
Theme	**Impact**	**Phase**	Extent	Duration	Magnitude	Status	Probability	**Pre-Mitigation Environmental Risk**	Extent	Duration	Magnitude	Status	Probability	**Post-Mitigation Environmental Risk**
	in the area and the improvement of local household livelihoods. This could place an additional burden on existing social amenities and services due to an increase in demand.													
Impact on Local Communities	Without meticulous planning, the proposed project runs the risk of influencing the inherent "sense of place" within the immediate community. The proposed changes might potentially reshape the local environment's importance to the community, which, over time, could potentially impact how the community perceives and values the natural resource setting.	Operational Phase	2	4	3	-1	3	-27	2	4	2	-1	2	-16
Impact on Local Communities	Due to operational activities, labour at the proposed project will move to and from the project site, i.e. from home to work and vice versa. Additionally, the transportation of goods and services required for operational activities will also occur. The daily movement of employees and related activities increases the load on the local transport network – influencing travel times and congestion.	Operational Phase	2	4	2	-1	3	-24	2	4	1	-1	2	-14
Impact on Infrastructure and Utilities	Road infrastructure may experience increased pressure due to the operational activities of the project as well as the increased transportation of economic goods and services. Operational activities may generate vehicles in support of operations. Likewise, increased economic activity could drive augmented demand for goods and services. The increased demand could require increased transportation of goods and services to the area.	Operational Phase	2	4	3	-1	3	-27	2	4	2	-1	3	-24
Impact on Infrastructure and Utilities	Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities.	Operational Phase	3	4	3	-1	3	-30	3	4	2	-1	3	-27
Impact on Infrastructure and Utilities	An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, operational activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts: • Negative impacts relate to increased maintenance burden • Positive impacts relate to increased revenue collection from service delivery	Operational Phase	3	4	2	-1	3	-27	3	4	2	-1	3	-27
Impact on Infrastructure and Utilities	The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local	Operational Phase	3	4	2	1	3	27	3	4	3	1	4	40

			Pre-Mitigation						Post-Mitigation					
Theme	**Impact**	**Phase**	Extent	Duration	Magnitude	Status	Probability	**Pre-Mitigation Environmental Risk**	Extent	Duration	Magnitude	Status	Probability	**Post-Mitigation Environmental Risk**
	budgets could be utilised to support maintenance of infrastructure and improve the supply thereof.													

Source: DEMACON, 2024

4.4 SYNTHESIS

The purpose of the chapter is to evaluate the socio-economic and fiscal impact that may arise from the proposed project by identifying socio-economic and fiscal impacts relevant to the project and measuring these impacts within a qualitative impact assessment methodology.

The potential impacts arising from the construction and operation of the proposed project span across diverse areas and encompass multiple core themes.

The first theme encompasses the project's impact on the local and regional business landscape. Through quantitative analysis across its construction and operational phases, it becomes evident that the proposed project could exert a substantial influence on not only the immediate economy but also the provincial and national scales. The construction phase injects a significant yet temporary surge into the economy, coursing through the construction industry's value chain. Conversely, the operational phase sustains a more moderate but continuous effect via several value chains (i.e., healthcare, education, retail, property management, household expenditure, etc.). This augmented economic output stems from capital and operational expenditures spanning the construction and personal services, business services and wholesale and retail trade sectors, encompassing both forward and backward linkages. These expenditures set in motion direct, indirect, and induced effects, fostering escalated economic production and spurring demand for correlated services and inputs.

However, the qualitative impact assessment acknowledges a potential hindrance to timely construction – the presence of "construction mafias." This poses a tangible risk to project completion and, subsequently, the initiation of sustainable impacts during the operational phase.

The second theme delves into the project's employment impact, both direct and indirect. Directly, the project's construction and operation phases generate on-site employment prospects, though the precise number remains unspecified as of this report's finalisation. This spectrum of employment opportunities caters to various skill levels and is intrinsically linked to the project's nature. Nevertheless, the assessment identifies a potential deficiency in local labour resources possessing the required skills for construction and operation, thereby necessitating the importation of skilled labour. Alternative mitigation avenues, such as skills development and training initiatives, might prove advantageous during the operational phase.

Indirectly, the project has the potential to stimulate employment demands within the construction, retail, healthcare, education and personal services value chains, manifesting across both its construction and operational timelines. The quantitative analysis highlights the potential generation of nearly 5 300 temporary employment opportunities and approximately 888 sustained employment opportunities throughout the project's respective phases.

It's important to recognize that both local and external employment opportunities contribute to ameliorating the region's unemployment challenge. Additionally, these opportunities augment household incomes and elevate overall livelihoods within the community. The third theme represents the impact that the proposed project could have on local communities. The theme identifies that the project's construction and operational phase employment prospects, combined with the ripple effect of job creation throughout construction, education, healthcare, retail, business services and personal services value chains, hold the promise of

establishing consistent income sources for households. This, in turn, could significantly influence the improvement of households' livelihoods. As livelihoods improve, there arises a heightened demand for essential services, economic offerings, products, and related personal services.

The sudden increase in people on the development site and its immediate surrounds as a result of construction related activities and opportunity seekers could increase the prospect of crime in the immediate communities. As a result, an increase in construction related activities would require a concomitant increase in policing activity to maintain the safety and security of communities.

The fourth theme identifies that the construction and operational phases of the project could impact on the supply and usage of infrastructure and utilities.

During the construction period of the proposed project, heightened economic activity and construction operations could exert additional demands on the region's transportation infrastructure, particularly its roads. Consequently, this could lead to increased maintenance requirements for local and regional road authorities affected by the project's construction-related movement.

Simultaneously, the influx of labour into the receiving environment, coupled with improved livelihoods within the local community, alongside ongoing construction activities, might contribute to a surge in demand for essential utilities such as electricity, water, and sanitation services.

As the project transforms the purpose of the development site, additional rates and taxes are generated, boosting state revenue. This increased revenue potential could be channelled to address infrastructure supply and maintenance needs in various sectors.

Moreover, the operational phase of the project is poised to sustain economic activities. This sustainability arises not only from the project's direct operational needs but also from the broader ripple effect across the education, healthcare, retail, business services and personal services value chains and related industries catering to economic services and products for households.

To facilitate these sustained activities, transportation of labour, goods, and services will remain consistent and essential. Consequently, transportation infrastructure could encounter heightened usage, leading to an amplified maintenance burden.

Additionally, the project's ongoing operations will contribute to an increased demand for utility infrastructure like water, sanitation, and waste removal. The upswing in livelihoods within local communities and households, combined with ongoing demand from the value chain, might further strain existing bulk infrastructure. This sustained demand might prompt a need for expansion and enhancement of existing infrastructure supplies to ensure their effective provisioning.

The fifth theme identifies the impact that the proposed project could have on the natural environment, agriculture and business activities that make use of the environment’s qualities.

Construction activities may create air, noise and visual pollution that may influence the burden of disease of the community. The effective management of these impacts may reduce the potential of these impacts to cause environmental and community related impacts.

Moreover, transforming the property from its current agricultural use to alternative land uses will reduce the amount of land dedicated to wine grape production in the Western Cape and reduce the wine grape yields that contribute to intermediate and final product manufacturing. While this change moves the property away from agricultural activities, it also positions the development site as a long-term sustainable opportunity. The existing agricultural operations have a limited viable future due to the lack of reinvestment in vineyards, driven by escalating capital costs. This challenge is further exacerbated by insufficient irrigation, rising operational costs and the need for higher yields to maintain commercial viability. Considering the opportunity cost of the proposed development versus the current agricultural use of the property suggests that the transformation of the property will generate greater economic, socio-economic, and fiscal value compared to its current and future agricultural use.

Lastly, within the sixth theme, it becomes evident that the proposed project will trigger a revaluation of the land use classifications assigned to properties within the study area, as documented in the municipal valuation roll. According to the Tariffs Policy of the local municipality, property operators would experience an elevation in their property rates. This uptick in rates translates into supplementary revenue for the local authority, providing an avenue to tackle socio-economic challenges and invest in vital infrastructure maintenance.

Given the analyses provided in this chapter, the data suggests that the proposed project could create net benefits to the receiving socio-economic environment and as result offer enhanced economic and social output and development. The negative effects created by the project in the receiving socio-economic environment could be minimised through effective and coordinated planning, mitigation measures and environmental management plans (which includes coordinated planning with interested and affected parties). Furthermore, the opportunity cost of the project versus current agricultural production identifies that the proposed development could allow for long-term sustainable economic, socio-economic and fiscal benefits to the economy, community and municipality.

The following table presents an overview of the final significance rating per socio-economic impact identified along with its descriptive context

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Table 4.7: Overview of the Final Impact Significance Rating of Each Impact Measured

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Impact on Local and Regional Business Base	The construction phase of the project will generate demand for goods and services necessary to sustain construction activities. This sustained demand over the construction phase could lead to additional business sales throughout the construction industry's value chain (increased economic output, production and gross value added).	Construction Phase	40	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Impact on Local and Regional Business Base	The demand for goods and services required to sustain construction activities may not be fully serviced by the local economy's existing construction sector value chain and as a result would need to source goods and services from outside the local economy.	Construction Phase	30	Low to Medium	There is an impact, but can be mitigated
Impact on Local and Regional Business Base	Increased economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created.	Construction Phase	27	Low to Medium	There is an impact, but can be mitigated
Impact on Local and Regional Business Base	The effective execution of the proposed project might face hindrance due to the presence of local 'construction mafias'. The possibility exists that these entities intimidate external labour sources, disrupt the local community, and consequently causes delays in project completion.	Construction Phase	14	Low	The impact does not have a direct influence on the decision to develop in the area
Impact on Local and Regional Business Base	The labour force involved in the construction of the intended project could drive a surge in demand for lodging facilities and related services within the host economy. This heightened demand arises from the need to accommodate workers who aren't native to the area. This situation presents an opportunity for local lodging providers to experience extended periods of high occupancy, consequently leading to increased revenue streams.	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated
Stimulation of Employment Opportunities	The construction of the proposed project will create temporary construction related employment opportunities on-site (across the skills spectrum).	Construction Phase	32	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Stimulation of Employment Opportunities	New employment opportunities throughout the construction industry's value chain could be stimulated as a result of the increased demand generated by the construction of the proposed project.	Construction Phase	33	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Stimulation of Employment Opportunities	It might be necessary to temporarily import various tiers of skilled labour to the region to effectively carry out construction activities.	Construction Phase	27	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Employment opportunities created on-site by the project during the construction phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.	Construction Phase	40	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Impact on Local Communities	Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods during the construction phase. This could place an additional burden on existing social amenities and services due to an increase in demand.	Construction Phase	21	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Where labour is sourced from beyond the receiving economy the receiving socio-economic environment's labour absorption capacity is diminished and the spending of money earned locally is reduced – remittances to homesteads. In the event that labour must be sourced from outside the local area, these migrants could be viewed as temporary.	Construction Phase	36	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Impact on Local Communities	An influx of population to the receiving economy (employed or job-seekers) may lead to increased crime activity. Job-seekers that do not find employment may turn to crime and in turn influence community safety. The introduction of persons outside the local labour market (i.e. sourcing from other economic regions for instance) could introduce a criminal element. Additionally, contractors undertaking construction of the proposed development may also, due to bad behaviour, influence community safety through inappropriate actions.	Construction Phase	14	Low	The impact does not have a direct influence on the decision to develop in the area
Impact on Local Communities	Due to construction activities, labour is transported to and from the construction site, i.e. from home to work and vice versa. Additionally, construction related transportation of goods and services will also occur. The daily movement of construction workers and related activities increases the load on the local transport network – influencing travel times and congestion.	Construction Phase	14	Low	The impact does not have a direct influence on the decision to develop in the area
Impact on Infrastructure and Utilities	Road infrastructure may experience increased pressure due to project related construction activities as well as the increased transportation of economic goods and services. Construction activities may generate vehicles in support of construction efforts. Likewise, increased economic activity could drive augmented demand for goods and services. The increased demand could require increased transportation of goods and services to the area.	Construction Phase	16	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities.	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Impact on Infrastructure and Utilities	An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, construction activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts: • Negative impacts relate to increased maintenance burden • Positive impacts relate to increased revenue collection from service delivery	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be utilised to support maintenance of infrastructure and improve the supply thereof.	Construction Phase	36	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Impact on the Natural Environment	The construction phase will give rise to environmental factors that can impact health both on-site and in nearby communities. Common environmental factors, including elevated noise levels, increased dust and associated air pollutants, as well as visual impacts, may occur.	Construction Phase	6	Low	The impact does not have a direct influence on the decision to develop in the area
Impact on the Natural Environment	The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation existing agricultural land is removed from the total inventory of agricultural land used for wine grape production and the broader wine production industry.	Construction Phase	50	Medium to High	The impact will have a direct influence on the decision to develop but there are means of mitigating the impact, although these may be difficult as well as expensive
Impact on the Natural Environment	The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation the existing wine grape production on the property will cease and as a result less wine grapes will be available to support the broader wine and related product manufacturing value chain.	Construction Phase	45	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Impact on Local and Regional Business Base	The operational phase of the project will generate sustained demand for goods and services necessary to maintain operational efficiency. This sustained demand over the operational phase could lead to additional business sales throughout the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project (increased economic output, production and gross value added).	Operational Phase	48	Medium to High	The impact will have a direct influence on the decision to develop but there are means of mitigating the impact, although these may be difficult as well as expensive
Impact on Local and Regional Business Base	The demand for goods and services required to sustain operational activities may not be fully serviced by the local economy's existing industries and as a result would need to source goods and services from outside the local economy.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Local and Regional Business Base	Increased and sustained economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base	Operational Phase	40	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
	could expand current production, services and products or the necessary demand required for establishing new businesses could be created.				
Stimulation of Employment Opportunities	The proposed project will create permanent operational employment opportunities on-site (across the skills spectrum).	Operational Phase	45	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Stimulation of Employment Opportunities	New employment opportunities throughout the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project could be stimulated as a result of the increased demand generated by the operation of the proposed project.	Operational Phase	39	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Stimulation of Employment Opportunities	The local economy faces constraints both in terms of its size, reflected in its economic output, and its available labour force. This localised supply-side limitation could potentially result in a disparity between the required number of labourers with diverse skill levels needed for the operation of the proposed project.	Operational Phase	-27	Low to Medium	There is an impact, but can be mitigated
Stimulation of Employment Opportunities	Given the localised and industry specific labour supply constraint that could arise during the operational phase, it might be necessary to import various tiers of skilled labour to the region to effectively carry out operational activities.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Employment opportunities created on-site by the project during the operational phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.	Operational Phase	44	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated
Impact on Local Communities	Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods. This could place an additional burden on existing social amenities and services due to an increase in demand.	Operational Phase	-18	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Without meticulous planning, the proposed project runs the risk of influencing the inherent "sense of place" within the immediate community. The proposed changes might potentially reshape the local environment's importance to the community, which, over time, could potentially impact how the community perceives and values the natural resource setting.	Operational Phase	-18	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Due to operational activities, labour at the proposed project will move to and from the project site, i.e. from home to work and vice versa. Additionally, the transportation of goods and services required for operational activities will also occur. The daily movement of employees and related activities increases the load on the local transport network – influencing travel times and congestion.	Operational Phase	-16	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	Road infrastructure may experience increased pressure due to the operational activities of the project as well as the increased transportation of economic goods and services. Operational activities may generate vehicles in support of operations. Likewise, increased economic activity could drive augmented demand for goods and services. The increased	Operational Phase	-27	Low to Medium	There is an impact, but can be mitigated

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
	demand could require increased transportation of goods and services to the area.				
Impact on Infrastructure and Utilities	Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, operational activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts: • Negative impacts relate to increased maintenance burden • Positive impacts relate to increased revenue collection from service delivery	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be utilised to support maintenance of infrastructure and improve the supply thereof.	Operational Phase	44	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated

Source: DEMACON, 2024

5 OVERVIEW AND CONCLUSIONS

5.1 INTRODUCTION

The purpose of the study is to undertake an impact assessment of the receiving environment within which the proposed Lyndoch Mixed-Use Development will be located in order to determine the likely effect that the proposed project could have on the receiving environment's overarching socio-economic, economic and fiscal context. The assessment, therefore, assists with the quantification of the overall socio-economic impact of the project by measuring impacts that could impact on the established socio-economic ecosystem of the project's receiving environment.

The study explored the purpose and function of the project. The report also focused on defining and profiling the receiving socio-economic environment that the proposed project will likely impact whilst also considering the potential socio-economic functions and/or qualities that the proposed project could influence, thereby allowing for the identification of socio-economic impacts.

By making use of a quantitative and qualitative socio-economic impact assessment framework, the identified impacts are measured within a socio-economic context in order to establish the extent with which the proposed project could impact on the receiving socio-economic environment. The assessment allows for the identification of mitigation measures that focus on either enhancing positive impacts or limiting negative impacts.

The purpose of this chapter is to provide a conclusion of the analyses contained in the report and provide a concise summary of the outcomes related to the socio-economic and fiscal impact assessment.

5.2 SOCIO-ECONOMIC AND FISCAL IMPACT ASSESSMENT CONCLUSION AND KEY OUTCOMES

The proposed Lynedoch mixed-use development is a large-scale real estate project aimed at implementing various land uses to support an integrated development concept. At full maturity, it will provide a diverse range of productive land uses that will contribute to the local and regional economies through direct, indirect, and induced economic, socio-economic, and fiscal impacts. Approximately 45 hectares of developable land will be utilised to establish over 800 residential units of varying densities and configurations, while also incorporating complementary uses such as retail spaces, entertainment venues, educational facilities, public open spaces, and supporting bulk infrastructure.

The integrated real estate development will transform commercial agricultural land, currently used for wine grape production, to accommodate the proposed land uses. This transition will affect the economic function of the property, shifting from agricultural use to more diverse productive land uses. It is necessary to consider the opportunity cost of transitioning from the existing agricultural value of the property to the proposed development. In essence, the economic benefit or cost of the proposed development is weighed against the current agricultural use of the property.

An analysis of the agricultural use of the property reveals that, under current yields, the property generates positive economic, socio-economic, and fiscal impacts. The operational expenditure of approximately R2.6 million from farming and related processing activities stimulates approximately R4.8 million in business sales, R2.0 million in GDP, and supports eight employment opportunities across the Western Cape economy. These positive impacts stem from the wine grape production on the property, as well as the operational expenditures necessary to generate this output.

The positive economic effects generated by the property as a commercial agricultural unit may not be sustainable in the long term. According to the Agriculture Impact Assessment (2023), the current vineyard production is highly dependent on yields in order to cover essential production costs. The ageing vineyards on the farm, coupled with limited capacity for replacement and insufficient water resources, have resulted in an achievable yield of only 5.5 tons per hectare—significantly below the 15 tons per hectare required for sustainable wine grape production. As such, the farm faces dwindling commercial viability, hampered by high input costs, limited irrigation potential, and the absence of an economic rational to reinvest in newer vineyards on a comparatively small land holding.

Although the property still produces agricultural output (approximately 32.5 hectares of the property have historically been farmed, but due to the progressively aging vines, more than 3.2 hectares have become unproductive

and were lost to uprooting), the Agriculture Impact Assessment (2023) indicates that the potential for long-term commercial agricultural use is low. The decline in profitability due to rising costs, aging vineyards, and market pressures is eroding the capacity of the farm to remain a viable agricultural unit. These challenges reflect broader industry trends affecting wine grape production in South Africa, leading to a shift to specialised entities (away from smaller scale/recreational farming units) and the conversion of less productive units to alternative uses (dictated by location dynamics).

Given these circumstances, the agricultural functions of the property could become unproductive over time, representing a suboptimal use of the potential economic value of the land. The current agricultural activities have limited prospects for economic expansion, as the productivity of the property declines due to aging vineyards, unaffordable replacement costs, and rising input costs.

In contrast, the proposed development offers the potential for economic benefits that far exceed those generated by the current agricultural use of the property. The mixed-use development can generate substantial short-term economic value during construction and long-term value once the productive land uses are fully operational, addressing market demand and urban development pressures.

According to the quantitative impact assessment, the proposed development, with a R1.5 billion capital investment, could generate between R1.5 billion and R3.5 billion in additional GDP and business sales during construction. Moreover, nearly 5,300 temporary employment opportunities could be created. In the operational phase, household and operational expenditures are estimated to contribute R301 million, unlocking as much as R317 million in additional sustained GDP, while supporting nearly 890 sustained employment opportunities.

In comparing the potential economic, socio-economic, and fiscal impacts of the proposed development to the loss generating agricultural use, the impact assessment indicates that the proposed development stands to create a considerable net benefit to the local economy, not least of which would be additional rates and taxes. The long-term and sustained economic value generated by the mixed-use development far exceeds the declining economic value of the current agricultural use of the property. Therefore, the proposed development represents a greater economic benefit to the local economy by establishing long-term value, in contrast to the diminishing returns of continued wine grape production.

Table 5.1: Quantitative Economic Impact Assessment Comparison during the Operational Phases of Each Use

Economic Impact Name	Current Agricultural Production – Wine Grape Farming	Proposed Mixed-Use Development	Net Economic Benefit
Economic Value Added/Subtracted by Each Property Use	R2 560 611	R300 534 625	**R297 974 01**
Additional Business Sales	R4 798 987	R561 723 704	**R556 924 717**
Additional Gross Domestic Product	R1 969 061	R317 017 638	**R315 048 577**
Additional Taxes	R463 538	R62 418 141	**R61 954 603**
Additional Property Taxes	R15 760	R8 003 615	**R7 987 855**
Additional Formal Employment Compensation	R543 851	R101 339 452	**R100 795 601**
Additional Formal Employment	7	726	**719**
Additional SMME Opportunities	0	0	**0**
Additional SMME Opportunities (Black Owned)	0	0	**0**

Source: DEMACON, 2023

Aside from the inherent quantitative socio-economic and fiscal benefits of the proposed development, the construction and operation of the proposed development could generate a plethora of impacts that influence the underlying functions and socio-economic characteristics of the receiving economy during construction and operational activities. The qualitative impact assessment therefore considers impacts that are not necessarily quantitatively quantifiable and therefore must be identified and measured within a qualitative analysis framework.

The qualitative impact assessment revealed the following outcomes:

- **Economic Impact:**
  - **Key Outputs:** The project will significantly boost the local, provincial, and national economy during both its construction and operational phases. The construction phase will create a temporary surge in economic activity, while the operational phase will have sustained effects through multiple value chains (healthcare, education, retail, property management, etc.).
  - **Risks:** The presence of "construction mafias" may delay construction and the realization of economic benefits.
- **Employment Impact:**
  - **Key Outputs:** Nearly 5,300 temporary and 888 sustained employment opportunities will be created. Direct and indirect jobs span construction, retail, healthcare, and more, providing a significant source of income in a high-unemployment region.
  - **Challenges:** A potential shortage of skilled local labour may require importing talent. Mitigation efforts, such as local skills training, could address this gap.
- **Community Impact:**
  - **Key Outputs:** Job creation will improve household livelihoods, leading to increased demand for services and products. The increase of population, onsite during construction efforts and during the operational phase where residents occupy the development could influence aspects such as crime.
  - **Challenges:** The influx of people may strain housing and services, necessitating infrastructure expansion and stronger community policing.
- **Infrastructure and Utility Impact:**
  - **Key Outputs:** The project will put pressure on local transportation infrastructure and utilities, such as electricity, water, and sanitation. However, it will also generate increased rates and taxes, providing additional revenue for infrastructure improvements.
  - **Challenges:** Sustained demand for utility infrastructure and transportation services may strain existing systems, necessitating expansion.
- **Environmental and Agricultural Impact:**
  - **Key Outputs:** The project will reduce land dedicated to wine grape production but offers a sustainable development opportunity. Air, noise, and visual pollution from construction could impact community health if not properly managed.
  - **Challenges:** Loss of agricultural land and yields could affect the regional wine industry, though current agricultural use is deemed unsustainable.
- **Property Valuation and Revenue Impact:**
  - **Key Outputs:** The development will lead to a revaluation of land in the area, resulting in higher property rates and increased revenue for the local authority. This could help address socio-economic challenges and support infrastructure investments.
  - **Challenges:** The increased property rates could affect landowners but would provide necessary funding for municipal improvements.

Table 5.2: Overview of the Final Impact Significance Rating of Each Impact Measured Qualitatively

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
Impact on Local and Regional Business Base	The construction phase of the project will generate demand for goods and services necessary to sustain construction activities. This sustained demand over the construction phase could lead to additional business sales throughout the construction industry's value chain (increased economic output, production and gross value added).	Construction Phase	40	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Impact on Local and Regional Business Base	The demand for goods and services required to sustain construction activities may not be fully serviced by the local economy's existing construction sector value chain and as a result would need to source goods and services from outside the local economy.	Construction Phase	30	Low to Medium	There is an impact, but can be mitigated
Impact on Local and Regional Business Base	Increased economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created.	Construction Phase	27	Low to Medium	There is an impact, but can be mitigated
Impact on Local and Regional Business Base	The effective execution of the proposed project might face hindrance due to the presence of local 'construction mafias'. The possibility exists that these entities intimidate external labour sources, disrupt the local community, and consequently causes delays in project completion.	Construction Phase	14	Low	The impact does not have a direct influence on the decision to develop
Impact on Local and Regional Business Base	The labour force involved in the construction of the intended project could drive a surge in demand for lodging facilities and related services within the host economy. This heightened demand arises from the need to accommodate workers who aren't native to the area. This situation presents an opportunity for local lodging providers to experience extended periods of high occupancy, consequently leading to increased revenue streams.	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated
Stimulation of Employment Opportunities	The construction of the proposed project will create temporary construction related employment opportunities on-site (across the skills spectrum).	Construction Phase	32	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	New employment opportunities throughout the construction industry's value chain could be stimulated as a result of the increased demand generated by the construction of the proposed project.	Construction Phase	33	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	It might be necessary to temporarily import various tiers of skilled labour to the region to effectively carry out construction activities.	Construction Phase	27	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Employment opportunities created on-site by the project during the construction phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.	Construction Phase	40	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Impact on Local Communities	Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods during the construction	Construction Phase	21	Low to Medium	There is an impact, but can be mitigated

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
	phase. This could place an additional burden on existing social amenities and services due to an increase in demand.				
Impact on Local Communities	Where labour is sourced from beyond the receiving economy the receiving socio-economic environment's labour absorption capacity is diminished and the spending of money earned locally is reduced – remittances to homesteads. In the event that labour must be sourced from outside the local area, these migrants could be viewed as temporary.	Construction Phase	36	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Impact on Local Communities	An influx of population to the receiving economy (employed or job-seekers) may lead to increased crime activity. Job-seekers that do not find employment may turn to crime and in turn influence community safety. The introduction of persons outside the local labour market (i.e. sourcing from other economic regions for instance) could introduce a criminal element. Additionally, contractors undertaking construction of the proposed development may also, due to bad behaviour, influence community safety through inappropriate actions.	Construction Phase	14	Low	The impact does not have a direct influence on the decision to develop
Impact on Local Communities	Due to construction activities, labour is transported to and from the construction site, i.e. from home to work and vice versa. Additionally, construction related transportation of goods and services will also occur. The daily movement of construction workers and related activities increases the load on the local transport network – influencing travel times and congestion.	Construction Phase	14	Low	The impact does not have a direct influence on the decision to develop
Impact on Infrastructure and Utilities	Road infrastructure may experience increased pressure due to project related construction activities as well as the increased transportation of economic goods and services. Construction activities may generate vehicles in support of construction efforts. Likewise, increased economic activity could drive augmented demand for goods and services. The increased demand could require increased transportation of goods and services to the area.	Construction Phase	16	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities.	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, construction activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts: • Negative impacts relate to increased maintenance burden • Positive impacts relate to increased revenue collection from service delivery	Construction Phase	24	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be	Construction Phase	36	Medium	The impact could influence the decision to develop unless it is effectively mitigated

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
	utilised to support maintenance of infrastructure and improve the supply thereof.				
Impact on the Natural Environment	The construction phase will give rise to environmental factors that can impact health both on-site and in nearby communities. Common environmental factors, including elevated noise levels, increased dust and associated air pollutants, as well as visual impacts, may occur.	Construction Phase	6	Low	The impact does not have a direct influence on the decision to develop
Impact on the Natural Environment	The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation existing agricultural land is removed from the total inventory of agricultural land used for wine grape production and the broader wine production industry.	Construction Phase	50	Medium to High	The impact will have a direct influence on the decision to develop but there are means of mitigating the impact, although these may be costly and challenging
Impact on the Natural Environment	The land use change of the proposed development area will transform agricultural land to alternative uses. Because of this transformation the existing wine grape production on the property will cease and as a result less wine grapes will be available to support the broader wine and related product manufacturing value chain.	Construction Phase	45	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Impact on Local and Regional Business Base	The operational phase of the project will generate sustained demand for goods and services necessary to maintain operational efficiency. This sustained demand over the operational phase could lead to additional business sales throughout the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project (increased economic output, production and gross value added).	Operational Phase	48	Medium to High	The impact will have a direct influence on the decision to develop but there are means of mitigating the impact, although these may be costly and challenging
Impact on Local and Regional Business Base	The demand for goods and services required to sustain operational activities may not be fully serviced by the local economy's existing industries and as a result would need to source goods and services from outside the local economy.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Local and Regional Business Base	Increased and sustained economic activity in the receiving socio-economic environment could induce additional demand for goods and services within the receiving economy. As a result, the existing business base could expand current production, services and products or the necessary demand required for establishing new businesses could be created.	Operational Phase	40	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	The proposed project will create permanent operational employment opportunities on-site (across the skills spectrum).	Operational Phase	45	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	New employment opportunities throughout the education, healthcare, retail and wholesale trade, property management industries, as well as expenditure by households in the project could be stimulated as a result of the increased demand generated by the operation of the proposed project.	Operational Phase	39	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Stimulation of Employment Opportunities	The local economy faces constraints both in terms of its size, reflected in its economic output, and its available labour force. This localised supply-side limitation could potentially result in a disparity between the required	Operational Phase	-27	Low to Medium	There is an impact, but can be mitigated

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
	number of labourers with diverse skill levels needed for the operation of the proposed project.				
Stimulation of Employment Opportunities	Given the localised and industry specific labour supply constraint that could arise during the operational phase, it might be necessary to import various tiers of skilled labour to the region to effectively carry out operational activities.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Employment opportunities created on-site by the project during the operational phase will provide compensation to employees that will contribute toward household livelihoods and their access to services and amenities.	Operational Phase	44	Medium	The impact could influence the decision to develop unless it is effectively mitigated
Impact on Local Communities	Social facilities and amenities (e.g. healthcare, policing, postal services, etc) demand could be influenced by an increase of people in the area and the improvement of local household livelihoods. This could place an additional burden on existing social amenities and services due to an increase in demand.	Operational Phase	-18	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Without meticulous planning, the proposed project runs the risk of influencing the inherent "sense of place" within the immediate community. The proposed changes might potentially reshape the local environment's importance to the community, which, over time, could potentially impact how the community perceives and values the natural resource setting.	Operational Phase	-18	Low to Medium	There is an impact, but can be mitigated
Impact on Local Communities	Due to operational activities, labour at the proposed project will move to and from the project site, i.e. from home to work and vice versa. Additionally, the transportation of goods and services required for operational activities will also occur. The daily movement of employees and related activities increases the load on the local transport network – influencing travel times and congestion.	Operational Phase	-16	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	Road infrastructure may experience increased pressure due to the operational activities of the project as well as the increased transportation of economic goods and services. Operational activities may generate vehicles in support of operations. Likewise, increased economic activity could drive augmented demand for goods and services. The increased demand could require increased transportation of goods and services to the area.	Operational Phase	-27	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	Additional demand on transport infrastructure generally impacts on the frequency of maintenance required to maintain infrastructure at an acceptable usage level. The increased maintenance burden influences public sector fiscal responsibilities.	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated
Impact on Infrastructure and Utilities	An increase in labour in the local economy accompanied by increased livelihoods could influence the need for utilities and related infrastructure. Likewise, operational activities could influence demand from existing utilities infrastructure. The increased demand generates negative and positive fiscal and economic impacts: • Negative impacts relate to increased maintenance burden	Operational Phase	-30	Low to Medium	There is an impact, but can be mitigated

Theme	Impact	Phase	Final Significance Rating	Impact Significance Rating Description	
	• Positive impacts relate to increased revenue collection from service delivery				
Impact on Infrastructure and Utilities	The land use change of the proposed development area could lead to additional rates and taxes generated during the construction phase. Furthermore, increased demand for utilities from local consumers could also add to local authority budgets. The increase in local budgets could be utilised to support maintenance of infrastructure and improve the supply thereof.	Operational Phase	44	Medium	The impact could influence the decision to develop unless it is effectively mitigated

Source: DEMACON, 2024

The proposed development presents significant net benefits to the socio-economic environment through job creation, increased revenue, and long-term sustainable economic growth. Negative impacts, such as pressure on infrastructure and environmental concerns, can be mitigated through effective planning and coordination.

In addition to the previous points, government systems in urban, and particularly metropolitan, areas place increasing pressure on property owners to optimize property use to align with policy goals related to densification, unlocking economic and socio-economic potential, and maximizing fiscal value through property taxation and rates. These pressures are driven by high and increasing rates of urbanization and inter-provincial migration. The Western Cape Province, second only to Gauteng, is one of the fastest-growing regions, primarily due to continuous migration to the province's key metropolitan areas and major towns. Smaller, marginal agricultural parcels, which have become sub-optimal production units, are particularly affected by these development-related pressures. These pressures also affect both property owners and developers, requiring constant evaluation to ensure that properties are positioned to address the expansion of urban systems while meeting government objectives regarding optimal land use, productive development, sustainable practices, and the unlocking of fiscal value in well-located areas.

Therefore, the proposed development, in light of the aforementioned and previous analyses, represents an opportunity to utilise property that is currently underperforming economically. The land produces agricultural yields that are below commercially sustainable levels and has limited future prospects for achieving sustainability. It does not represent a long-term or viable use of strategically located land. The agricultural potential of the property is assessed to be very low, with current agricultural practices identified as temporary due to factors such as limited irrigation, high input costs, lack of capital for vineyard reestablishment, aging vineyards, and declining yields. These issues limit the capacity of the property for long-term wine grape production. Furthermore, the property has minimal potential for alternative agricultural activities and does not contribute to food security in South Africa. Given these circumstances, the proposed development represents the highest opportunity cost as an alternative use of the property, leveraging its inherent real estate value.

ANNEXURE A: DEVELOPMENT FRAMEWORK SOCIO-ECONOMIC AND FISCAL IMPACT REPORT

Prepared For:
UNiQON

September 2024

Lyndoch Mixed Use Development

Development Framework Fiscal and Socio-Economic Impact Model

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1

Table of Contents

Index and Glossary

Direct Impacts	Those economic effects caused by the new investment or proposed project
Indirect Impacts	Occurs to industries in the backward linked industries that supply goods and services to the proposed project. Economic activity triggered by the purchases made as a result of the initial round of project expenditure
Induced Impacts	Result from households spending some of the additional income they receive on goods and services within the local, regional and provincial economy
Construction Phase	Focuses on the period during which the proposed project is constructed
Operational Phase	Focuses on the period after construction has completed and operations are started
Capital Investment	The investment by public and private sector stakeholders in land, infrastructure, top structures and other items required to undertake and complete the construction of a project
Annual Turn Over	Estimated annual turn over expected by the project due to normal day to day operations
Gross Domestic Product	Gross domestic product (GDP) at market prices (value added originating) is the value that the production processes and services rendered in the economy adds to the value of goods sold or services delivered (Gross domestic product (GDP) at market prices = Gross value added at basic prices + Net indirect taxes on products (by government))
Formal Employment	Employment figures indicate the number of paid employees and include casual, seasonal and informal workers. Employment consists of three main categories, namely skilled, semi-skilled, low skilled and informal labour
Informal Employment	Number of paid employees that are employed by informal buisnesses - informal businesses are businesses not registered as a formal enterprise
Compensation	The compensation of employees is equal to the income received by employees, i.e. wages and salaries
SMME	Small, Medium and Micro Enterprises

Taxes on Products	Indirect taxes on products include all indirect taxes levied by the government on products. These taxes include the following: Value added tax (VAT) and customs and excise duties
Taxes on Production	Taxes on production are the value of all the money paid by producers to the government, in respect to taxes on their production
Corporate Taxes	Corporate taxes
Personal Taxes	Personal taxes include UIF and PAYE

Chapter 1
Project Information

The following section of the report is focused on providing an overview of the project modeled by the fiscal and socio-economic impact model. The purpose of the section is to introduce the project, highlight the broad land uses of the project, identify capital investment and operational expenditure frameworks and timeframes, and to highlight the intended target market.

1 Project Information

1.1 Project Description

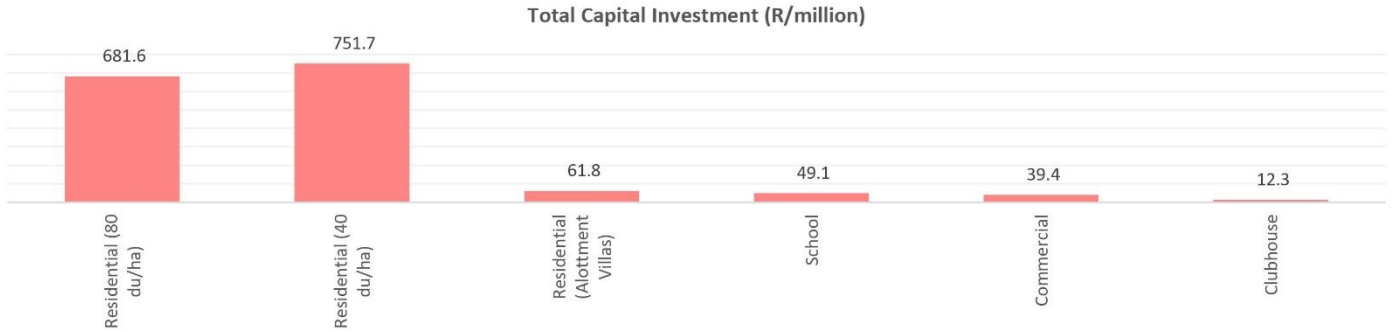
Project Name:	Lyndoch Mixed Use Development	**Project Description:**	Review of impacts that could arise as a result of the implmentation of the project

1.2 Land Use and Bulk Overview

Land Use Description	Number of Units / Keys / Seats	Bulk m²	% Contribution
Residential (80 du/ha)	515	25 750	39.4%
Residential (40 du/ha)	355	28 400	43.4%
Residential (Alottment Villas)	14	3 500	5.4%
School	400	4 000	6.1%
Commercial		2 869	4.4%
Clubhouse		900	1.4%
Total		**65 419**	

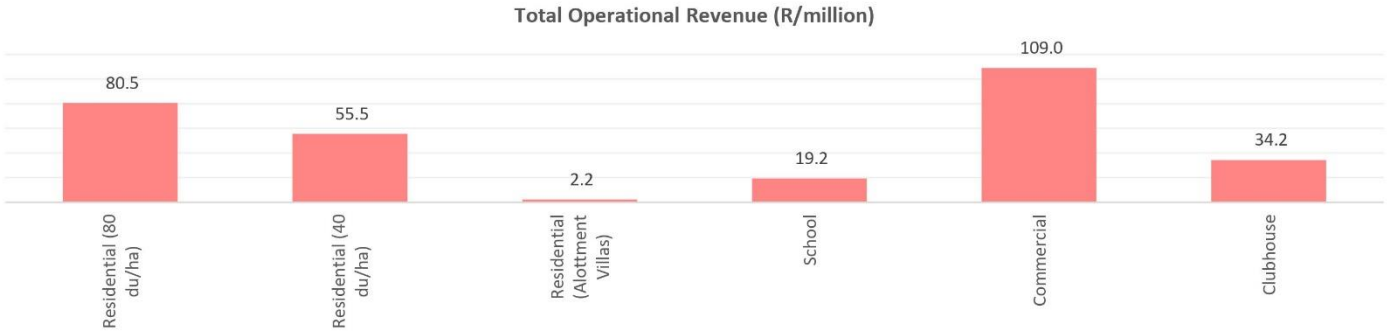
1.3 Capital Investment Overview

Land Use Description	Buildings	Infrastructure, Land & Furniture, Fittings & Fixtures	Total Capital Investment	% Contribution
Residential (80 du/ha)	592 687 750	88 903 163	681 590 913	42.7%
Residential (40 du/ha)	653 682 800	98 052 420	751 735 220	47.1%
Residential (Alottment Villas)	53 707 500	8 056 125	61 763 625	3.9%
School	42 672 000	6 400 800	49 072 800	3.1%
Commercial	34 224 301	5 133 645	39 357 946	2.5%
Clubhouse	10 736 100	1 610 415	12 346 515	0.8%
Total	**1 387 710 451**	**208 156 568**	**1 595 867 019**	



1.4 Operational Revenue Overview

Land Use Description	Total Operational Revenue	% Contribution
Residential (80 du/ha)	80 461 540	5.0%
Residential (40 du/ha)	55 463 780	3.5%
Residential (Alottment Villas)	2 187 305	0.1%
School	19 200 000	1.2%
Commercial	109 022 000	6.8%
Clubhouse	34 200 000	2.1%
Total	**300 534 625**	



Chapter 2
Synopsis

This section of the report focuses on providing a concise and digestable overview of the outcomes of the socio-economic impact model. The purpose is to highlight key outcomes and considerations from the impact analysis. The Section also serves as an introduction to the remainder of the report which, from Secion 2 onwards, provide detailed information regarding every impact modeled.

2 Synopsis

2.1 Impact Outcome Synopsis

2.1.1 Total Estimated Capital Investment (CAPEX and Operational Revenue (OPEX)

The total estimted capital investment of the Lyndoch Mixed Use Development (Net Present Value for the current year) is R1.6 billion - It should be noted that the Total CAPEX includes expenditure on furniture, fixtures, fittings and related services.

The total estimated operational revenue (annualised on-site business sales or turnover) of the development (Net Present Value for the current year) is R300.53 million.

2.1.2 Summary of Construction Phase Impacts

Impacts generated during the construction phase of the project are once-off and are sustained for as long as construction occurs. These impacts dwindle as construction activity comes to an end and the development becomes operational – then operational impacts, which are created and sustained annually, are activated.

The total CAPEX (Capital Investment) of the project could temporarily add approximately R3.5 billion in additional business sales, R1.49 billion in additional GDP (contributes +1.49% to the provincial economy) and approximately 5 253 once-off jobs (formal and informal) throughout the Western Cape provincial economy.

An estimated 13 formal small, medium and micro-enterprise opportunities could be created. Black-owned SMMEs would potentially represent 61.54% of new formal SMME opportunities, given the prevailing legislative environment.

Formal employment during the construction phase represents 4 111 jobs (total direct, indirect and induced). Approximately 21.31% of formal employment opportunities are expected to be filled by skilled labourers compared to 56.75% semi-skilled labourers and 21.94% low-skilled labourers.

Additional compensation paid to employees during the construction phase is estimated to be approximately R526.92 million.

It is estimated that approximately R428.93 million in additional taxes could be generated during the construction phase. The largest contributor to new taxes is as a result of corporate taxes, contributing 33.44% to all taxes collected economywide.

2.1.3 Summary of Operational Phase Impacts

Operational phase impacts are generated when the productive-land uses of the development commence with operations. Impacts created during the operational phase are "sustained" impacts. “Sustained impacts” are impacts that are continuously generated (i.e. created and then sustained annually) as soon as the full operation of the project commences (long-term impacts).

The total OPEX (operational revenue) of the project could annually add approximately R561.72 million in additional business sales, R317.02 million in additional GDP (contributes +0.32% to the provincial economy) and approximately 888 sustained jobs (formal and informal) throughout the Western Cape provincial economy.

An estimated 0 formal small, medium and micro-enterprise opportunities could be created throughout the lifetime of the project. Black-owned SMMEs would potentially represent 0% of new formal SMME opportunities, given the prevailing legislative environment.

Formal employment opportunities created throughout the lifetime of the project represents 725 jobs (total direct, indirect and induced). Approximately 34.34% of formal employment opportunities are expected to be filled by skilled labourers compared to 45.24% semi-skilled labourers and 20.41% low-skilled labourers. Additional annual compensation paid to employees during the operational phase is estimated to be approximately R101.34 million.

It is estimated that approximately R62.42 million in additional taxes could be generated during the operational phase. The largest contributor to new taxes is as a result of personal income tax, contributing 48.43% to all taxes collected economywide.

2.1.4 Overall Outcome

Overall, the construction and operational phase of the project would have a measurable positive effect on the Western Cape provincial economy, generating sizeable GDP over the short- to long-term, high additional business sales and new business formation and a considerable number of new employment opportunities - across all skill levels. Additional taxes can contribute to national and local treasuries and households across the province can increase their livelihoods.

The increased demand for social amenities will influence the fiscus and operation of public sector entities. The increased pressure on the fiscus is offset by the addition of productive rateable assets through the envisaged capital investment in the project.

2.2 Construction Phase Economic Impacts

Construction Phase CAPEX
1 595 867 019

Additional Business Sales	**3 496 988 265**
Additional GDP	**1 492 683 555**
Additional Employment (Formal and Informal)	**5 253**

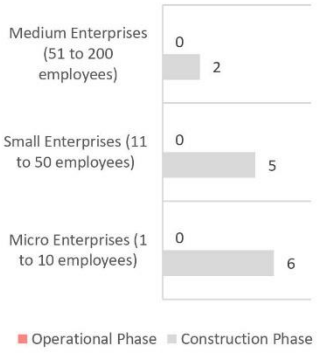
2.3 Operational Phase Economic Impacts

Operational Phase OPEX
300 534 625

Additional Business Sales	**561 723 704**
Additional GDP	**317 017 638**
Additional Employment (Formal and Informal)	**888**

2.4 SMME Opportunities

Enterprise Type	Construction Phase	Operational Phase
Micro Enterprises (1 to 10 employees)	6	0
Small Enterprises (11 to 50 employees)	5	0
Medium Enterprises (51 to 200 employees)	2	0
Estimated Number of New Enterprise Opportunities	13	0
Estimated Number of New Black Owned SMME Opportunities	8	0
	61.5% of new business opportunities could be black owned	**0.0%** of new business opportunities could be black owned



2.5 Formal Jobs Created by Skill Level - Construction Phase Economic Impacts

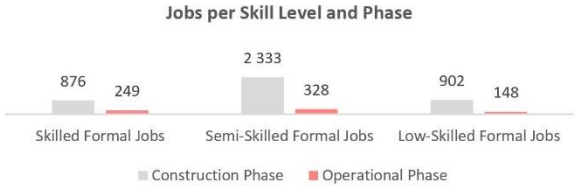
Construction Phase CAPEX
1 595 867 019

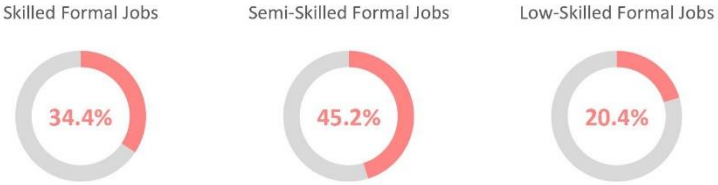
Skilled Formal Jobs	876
Semi-Skilled Formal Jobs	2 333
Low-Skilled Formal Jobs	902

2.6 Formal Jobs Created by Skill Level - Operational Phase Economic Impacts

Operational Phase OPEX
300 534 625

Skilled Formal Jobs	249
Semi-Skilled Formal Jobs	328
Low-Skilled Formal Jobs	148





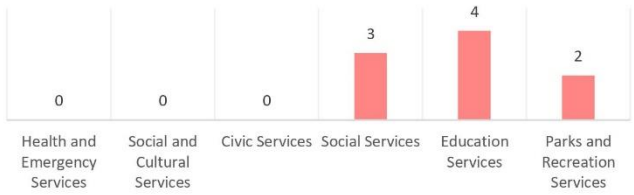
2.7 Impact on Compensation of Formal Jobs per Skill Level

Job Typer per Skill Level	Construction Phase	Operational Phase
Skilled Formal Jobs	149 620 428	41 835 047
Semi-Skilled Formal Jobs	211 749 531	35 286 279
Low-Skilled Formal Jobs	165 550 409	24 218 126
Total	**526 920 368**	**101 339 452**

Average Annual Compensation per Formal Job Created	
128 160	139 598

2.8 Additional Social Facilities Required

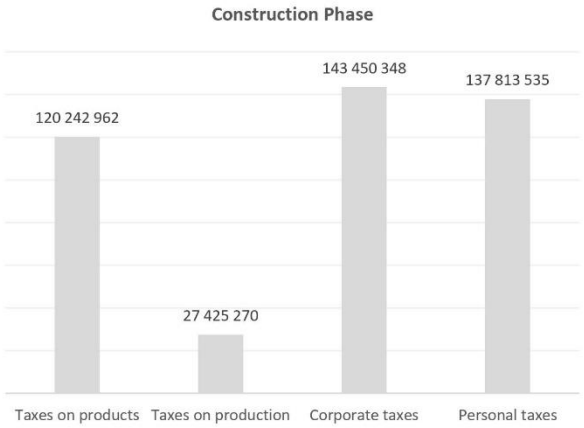
Social Facility Type (Main Category)	Additional Facilities Required (Sustained)
Health and Emergency Services	0
Social and Cultural Services	0
Civic Services	0
Social Services	3
Education Services	4
Parks and Recreation Services	2
Total	**9**

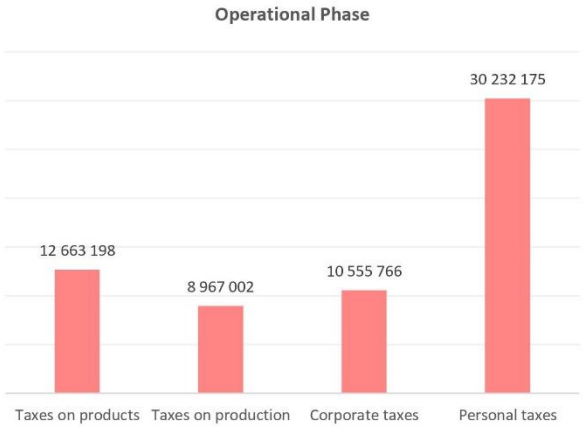


2.9 Additional Taxes Generated

Taxation Type	Construction Phase	Operational Phase
Taxes on products	120 242 962	12 663 198
Taxes on production	27 425 270	8 967 002
Corporate taxes	143 450 348	10 555 766
Personal taxes	137 813 535	30 232 175
Total Tax Impact	428 932 116	62 418 141

Property Taxation	Property Rates per Annum
Total Property Taxes (i.e. Taxable Property Types)	8 003 615
Total Property Taxes Foregone by Local Municipality (i.e. Subsidy Housing Programmes, etc.)	0
Total	8 003 615





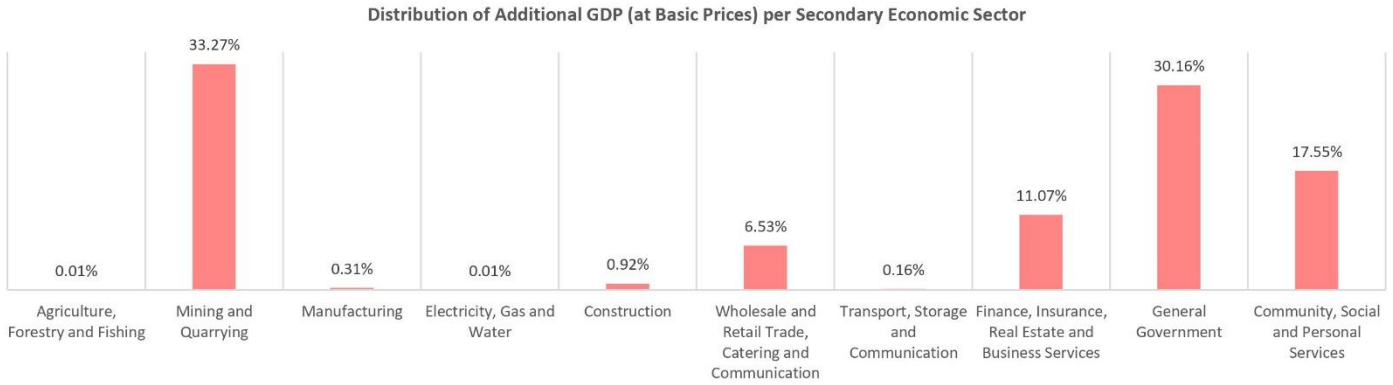
2.10 Sector Profiling

Impact on GDP during the Construction Phase (Different Economic Geographies)

Economic Geography	Current GDP (at Basic Prices)	Additional GDP (at Basic Prices)	New GDP (at Basic Prices)	% Contribution
Western Cape Provincial Economy	1 308 691 412 000	1 375 194 075	1 310 066 606 075	0.10%
Cape Winelands Regional Economy	84 321 214 000		85 696 408 075	1.60%
Stellenbosch Sub-Regional Economy	20 380 502 000		21 755 696 075	6.32%

Top Economic Sectors that Benefit from Increased GDP

1	National and Provincial government	406 910 412	6	Coal	48 551 888
2	Metals	330 823 677	7	Gold	45 718 795
3	Education (Private)	173 786 097	8	Health and social work (Private)	33 849 696
4	Professional business services	127 672 334	9	Other community, social and personal services	29 182 233
5	Wholesale and retail trade	65 368 630	10	Other mining and quarrying	23 879 078



Impact on GDP during the Operational Phase (Different Economic Geographies)

Economic Geography	Current GDP (at Basic Prices)	Additional GDP (at Basic Prices)	New GDP (at Basic Prices)	% Contribution
Western Cape Provincial Economy	1 308 691 412 000	304 675 212	1 308 996 087 212	0.02%
Cape Winelands Regional Economy	84 321 214 000		84 625 889 212	0.36%
Stellenbosch Sub-Regional Economy	20 380 502 000		20 685 177 212	1.47%

Top Economic Sectors that Benefit from Increased GDP

1	Finance and insurance	62 223 053	6	Business activities n.e.c.	18 633 214
2	Wholesale and retail trade	34 297 307	7	Transport and storage	18 196 584
3	Professional business services	22 178 574	8	Electricity and gas	18 132 392
4	Construction	21 470 296	9	National and Provincial government	12 678 552
5	Agriculture	18 677 976	10	Beverages and tobacco	8 510 742

Distribution of Additional GDP (at Basic Prices) per Secondary Economic Sector

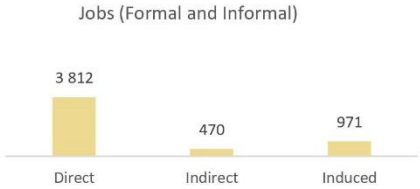
Chapter 3
Construction Phase Economic Impacts

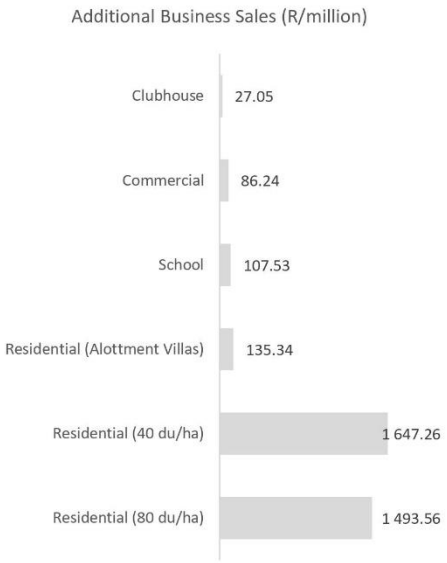
This section of the report is focused on providing an overview of potential economic and socio-economic impacts that may arise during the construction phase of the proposed project. Impacts generated during this phase are not sustained impacts because the construction phase of a project only lasts up until the necessary land improvements, buildings, bulk infrastructure, other infrastructure, fittings and furnishings and operational machinery etc. have been constructed and completed.

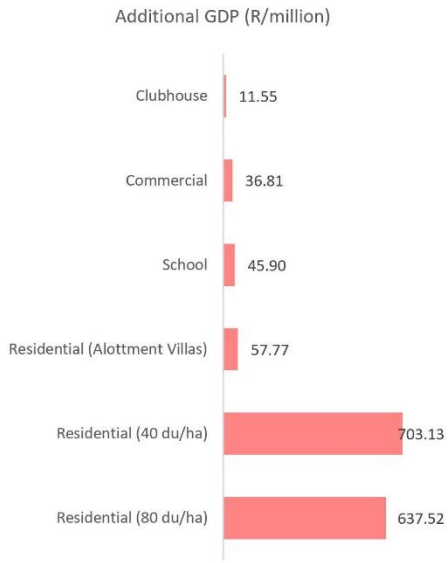
3 Construction Phase Economic Impacts

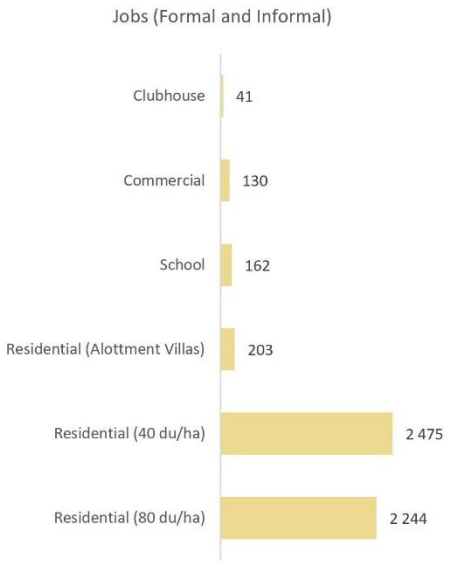
TOTAL estimated **CAPEX** of the project **1.60 billion**

Additional Business Sales (Unsustained)	3.5 billion
Additional GDP - Market Prices (Unsustained)	1.49 billion
Additional Jobs - Formal & Informal (Unsustained)	5 253 jobs



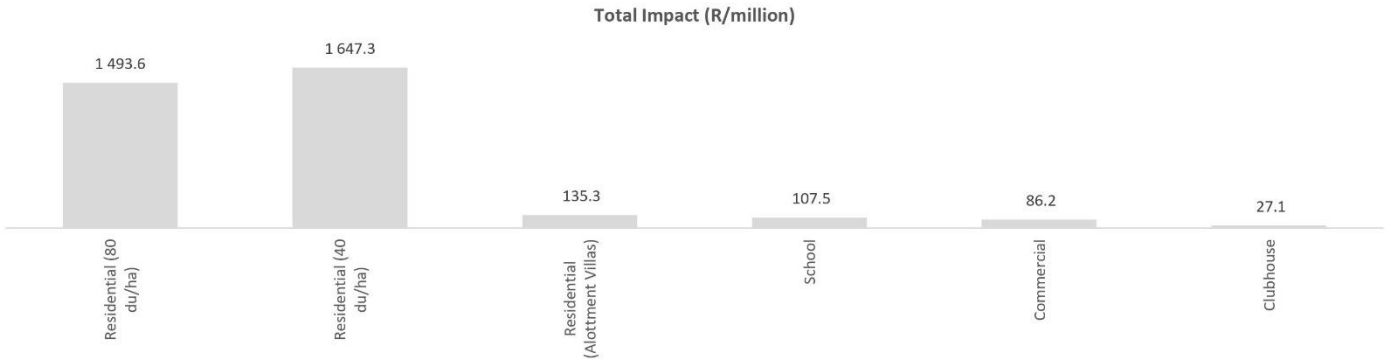






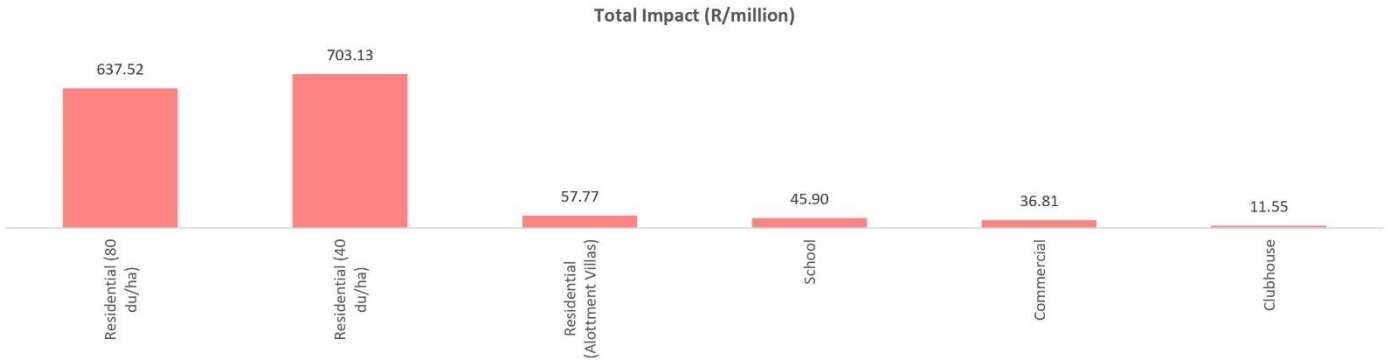
3.1 Impact on Additional Business Sales

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Residential (80 du/ha)	1 014 512 800	182 621 377	296 420 985	1 493 555 161
Residential (40 du/ha)	1 118 918 972	201 415 421	326 926 445	1 647 260 838
Residential (Alottment Villas)	91 931 959	16 548 575	26 860 737	135 341 272
School	73 042 323	13 148 271	21 341 552	107 532 146
Commercial	58 582 266	10 545 332	17 116 603	86 244 201
Clubhouse	18 377 149	3 308 051	5 369 447	27 054 647
Total	**2 375 365 469**	**427 587 027**	**694 035 769**	**3 496 988 265**



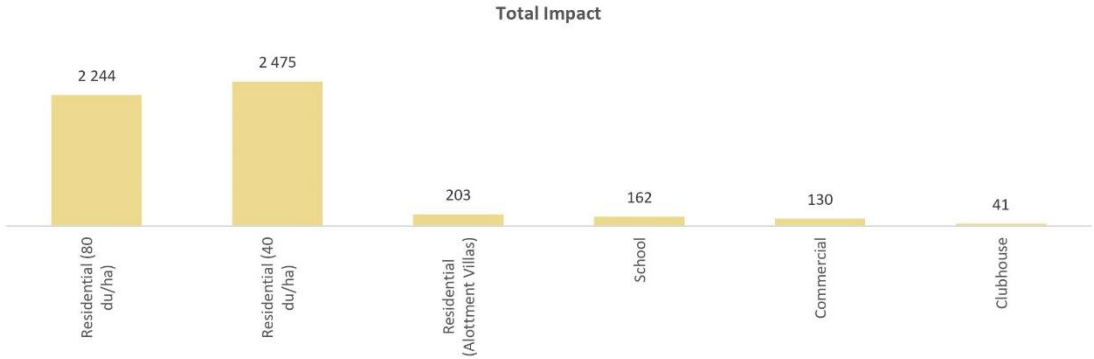
3.2 Impact on Gross Domestic Product

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Residential (80 du/ha)	408 091 817	81 273 243	148 156 447	637 521 507
Residential (40 du/ha)	450 089 616	89 637 285	163 403 615	703 130 516
Residential (Alottment Villas)	36 979 997	7 364 726	13 425 471	57 770 194
School	29 381 566	5 851 465	10 666 885	45 899 916
Commercial	23 564 950	4 693 061	8 555 181	36 813 192
Clubhouse	7 392 281	1 472 205	2 683 744	11 548 230
Total	**955 500 227**	**190 291 985**	**346 891 343**	**1 492 683 555**



3.2 Impact on Employment

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Residential (80 du/ha)	1 628	201	415	2 244
Residential (40 du/ha)	1 796	221	458	2 475
Residential (Alottment Villas)	148	18	38	203
School	117	14	30	162
Commercial	94	12	24	130
Clubhouse	29	4	8	41
Total	**3 812**	**470**	**971**	**5 253**



Distribution between the Formal and Informal Economy	
Total Number of Formal Jobs Created	4 111
Total Number of Informal Jobs Created	1 142

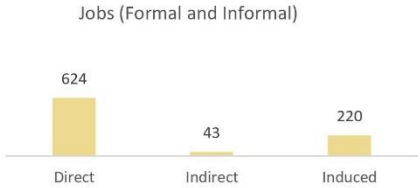
Chapter 4
Operational Phase Economic Impacts

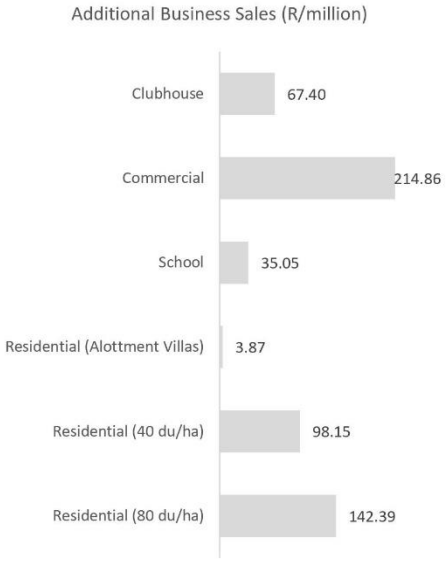
This section of the report is focused on providing an overview of potential economic and socio-economic impacts that may arise during the operational phase of the proposed project. Impacts generated during this phase are sustained impacts meaning, impacts generated are sustained for the duration of the the project lifecycle given that annual turn over remains constant.

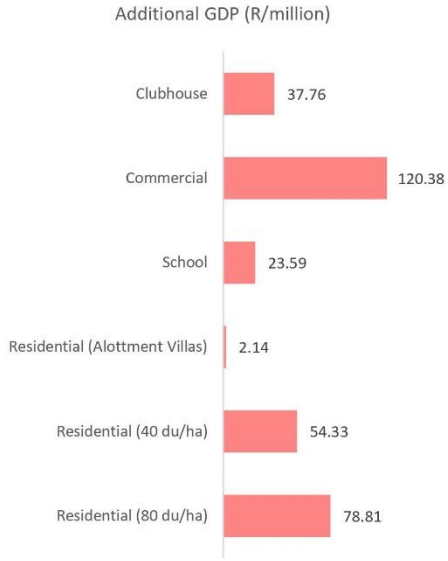
4 Operational Phase Economic Impacts

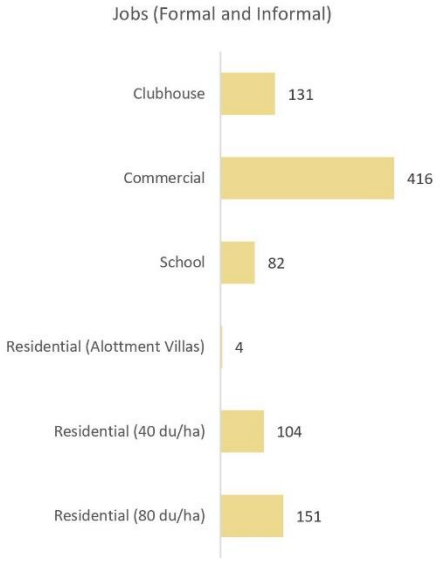
TOTAL estimated **OPEX** of the project **300.53** million

Additional Business Sales (Unsustained)	561.72 million
Additional GDP - Market Prices (Unsustained)	317.02 million
Additional Jobs - Formal & Informal (Unsustained)	888 jobs



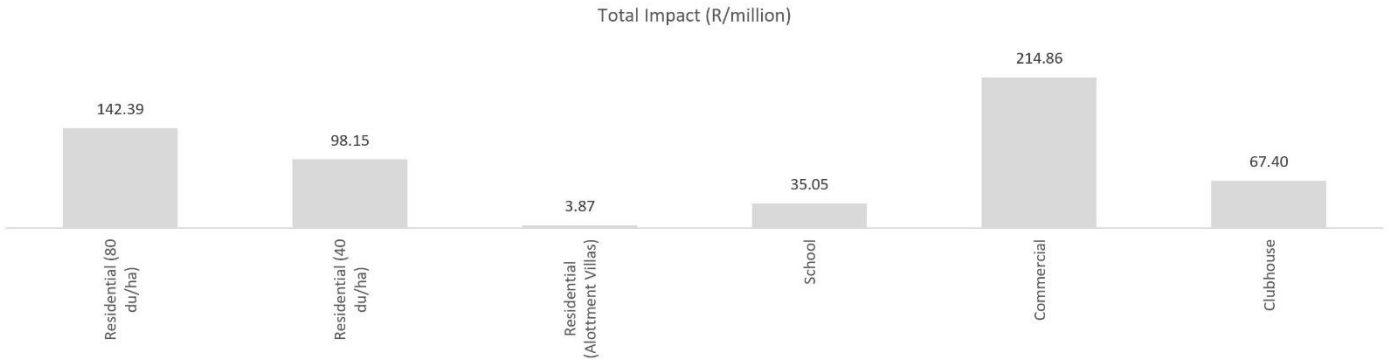






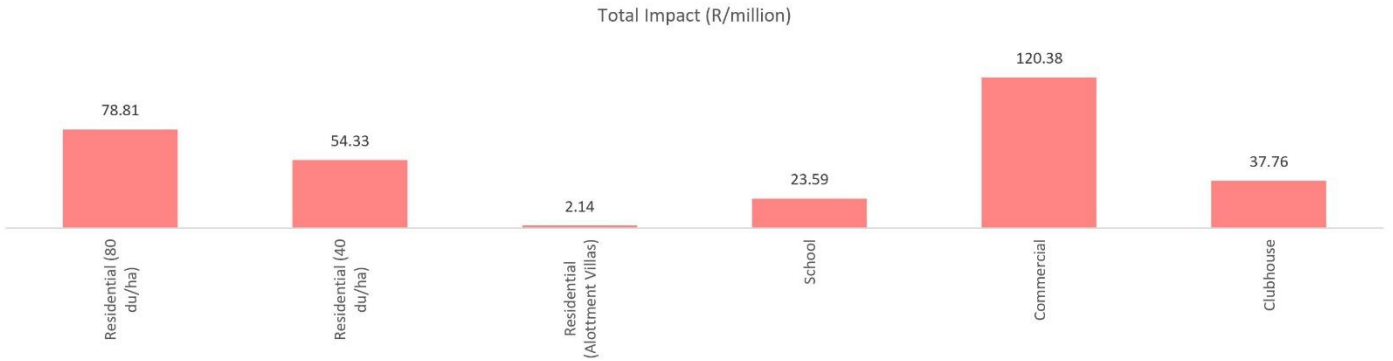
4.1 Impact on Additional Business Sales

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Residential (80 du/ha)	93 826 883	7 401 103	41 163 083	142 391 069
Residential (40 du/ha)	64 676 783	5 101 731	28 374 553	98 153 067
Residential (Alottment Villas)	2 550 635	201 195	1 118 997	3 870 828
School	21 858 871	1 700 011	11 488 766	35 047 648
Commercial	143 342 545	14 293 258	57 224 128	214 859 931
Clubhouse	44 966 291	4 483 769	17 951 103	67 401 163
Total	**371 222 008**	**33 181 066**	**157 320 630**	**561 723 704**



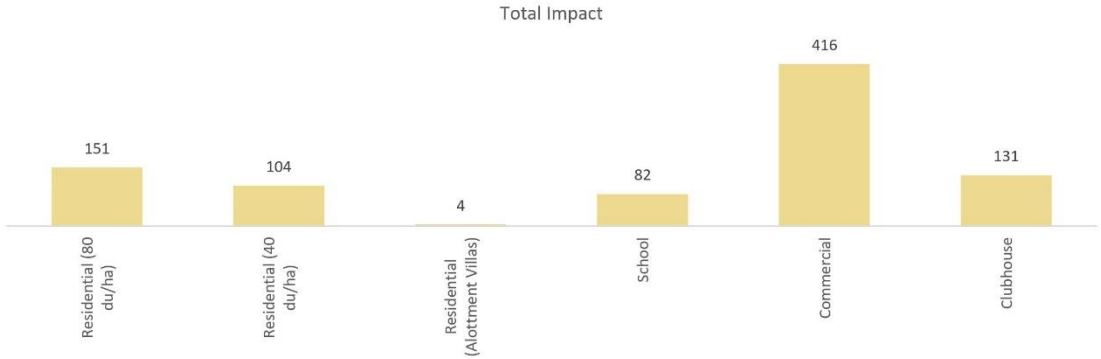
4.2 Impact on Gross Domestic Product

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Residential (80 du/ha)	54 405 393	3 831 804	20 574 037	78 811 234
Residential (40 du/ha)	37 502 747	2 641 341	14 182 103	54 326 191
Residential (Alottment Villas)	1 478 983	104 166	559 295	2 142 443
School	17 019 010	832 879	5 742 288	23 594 177
Commercial	84 629 448	7 149 386	28 601 630	120 380 464
Clubhouse	26 548 101	2 242 749	8 972 279	37 763 129
Total	**221 583 682**	**16 802 325**	**78 631 631**	**317 017 638**



4.3 Impact on Employment

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Residential (80 du/ha)	82	11	58	151
Residential (40 du/ha)	57	7	40	104
Residential (Alottment Villas)	2	0	2	4
School	64	2	16	82
Commercial	319	17	80	416
Clubhouse	100	5	25	131
Total	**624**	**43**	**220**	**888**



Distribution between the Formal and Informal Economy	
Total Number of Formal Jobs Created	726
Total Number of Informal Jobs Created	162

Chapter 5
Estimated Number of Formal SMME Opportunities

This section of the report is focused on providing an overview of potential number of new small, medium or micro enterprises that could become operational as a result of the added GDP generated during the construction and operational phases. The impact considers the current impact (includes an historic perspective) that changes in the GDP of the regional economy has had on the number of SMME's operational and formally registered with SARS. The section thus estimates the number of potential new SMME's that could be established due to changes in the provincial economy's GDP and the segment that could potentially be black owned.

5 Estimated Number of Formal SMME Opportunities

5.1 Construction Phase Enterprise Opportunities

TOTAL estimated **CAPEX** of the project **1.60 billion**

Micro Enterprises (1 to 10 employees)	6 enterprises
Small Enterprises (11 to 50 employees)	5 enterprises
Medium Enterprises (51 to 200 employees)	2 enterprises

Enterprise Type	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Micro Enterprise Opportunities	4	0	2	6
Small Enterprise Opportunities	3	0	2	5
Medium Enterprise Opportunities	2	0	0	2
Estimated Number of New Enterprise Opportunities	**9**	**0**	**4**	**13**
Estimated Number of New Black Owned Entrprise Opportunities				**8**

Calculations indicate that the total estimated GDP impact of the construction phase could create 13 new SMME enterprise opportunities. Approximately 61.5% of opportunities could be black owned.

5.1 Operational Phase Enterprise Opportunities

TOTAL estimated **OPEX** of the project **300.53 million**

Micro Enterprises (1 to 10 employees)	0 enterprises
Small Enterprises (11 to 50 employees)	0 enterprises
Medium Enterprises (51 to 200 employees)	0 enterprises

Enterprise Type	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Micro Enterprise Opportunities	0	0	0	0
Small Enterprise Opportunities	0	0	0	0
Medium Enterprise Opportunities	0	0	0	0
Estimated Number of New Enterprise Opportunities	**0**	**0**	**0**	**0**
Estimated Number of New Black Owned Entrprise Opportunities				**0**

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Chapter 6
Formal Jobs Created per Skill Level

This section of the report focuses on providing an overview of the impact on formal job creation per skill level during the construction and operational phases of the proposed project. The purpose of the section is to estimate the potential number of new jobs created throughout the provincial economy and the distribution of those jobs per skill level required.

The information provides an indication as to the extent to which the implementation of the proposed project could influence the growth and demand for new skilled labourers. The information also provides a contextual background as to the opportunity to develop skills in the provincial economy.

6 Formal Jobs Created per Skill Level

6.1 Construction Phase Skills Demand

TOTAL estimated **CAPEX** of the project **1.60** billion

Skilled Jobs	876 jobs
Semi-Skilled Jobs	2 333 jobs
Low-Skilled Jobs	902 jobs

Skill Level	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Skilled Jobs	511	105	260	876
Semi-Skilled Jobs	1 815	182	336	2 333
Low-Skild Jobs	578	98	226	902
Estimated Number of New Employment Opportunities	**2 904**	**385**	**822**	**4 111**

The data shows that the majority of employment opportunities generated as a result of the project primarily consist of semi-skilled job opportunities.

6.2 Operational Phase Skills Demand

TOTAL estimated **OPEX** of the project **0.30** billion

Skilled Jobs	250 jobs
Semi-Skilled Jobs	328 jobs
Low-Skilled Jobs	148 jobs

Skill Level	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Skilled Jobs	178	13	59	250
Semi-Skilled Jobs	235	17	76	328
Low-Skild Jobs	90	7	51	148
Estimated Number of New Employment Opportunities	**503**	**37**	**186**	**726**

The data shows that the majority of employment opportunities generated as a result of the project primarily consist of semi-skilled job opportunities.

Chapter 7
Impact on Compensation

This section of the report focuses on providing an overview of the impact on employee compensation for potentially new formally employed persons during the construction and operational phases of the proposed project. The purpose of the section is to identify the additional compensation that could be generated as a result of additional employment.

7 Impact on Compensation

7.1 Construction Phase Impact on Compensation

TOTAL estimated **CAPEX** of the project **1.60** billion

Skilled Jobs Total Compensation	149 620 427
Semi-Skilled Jobs Total Compensation	211 749 531
Low-Skilled Jobs Total Compensation	165 550 409

Skill Level	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Skilled Jobs	78 962 525	19 260 454	51 397 448	149 620 427
Semi-Skilled Jobs	149 022 704	20 404 247	42 322 580	211 749 531
Low-Skild Jobs	115 824 308	15 915 860	33 810 241	165 550 409
Estimated Number of New Employment Opportunities	**343 809 537**	**55 580 561**	**127 530 269**	**526 920 367**
Average Annual Compensation per Job Created	118 392	144 365	155 146	128 173

7.2 Operational Phase Impact on Compensation

TOTAL estimated **OPEX** of the project **0.30** billion

Skilled Jobs Total Annual Compensation	41 835 047
Semi-Skilled Jobs Total Annual Compensation	35 286 279
Low-Skilled Jobs Total Annual Compensation	24 218 126

Skill Level	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Skilled Jobs	27 863 462	2 321 063	11 650 522	41 835 047
Semi-Skilled Jobs	23 830 509	1 862 295	9 593 475	35 286 279
Low-Skild Jobs	15 268 531	1 285 655	7 663 940	24 218 126
Estimated Number of New Employment Opportunities	**66 962 502**	**5 469 013**	**28 907 937**	**101 339 452**
Average Annual Compensation per Job Created	133 126	147 811	155 419	139 586

Chapter 8
Impact on Social Facilities

This section of the report focuses on providing an overview of the impact on social amenities as a result of the growth of new employment in the provincial economy due to the construction and operation of the proposed project. The purpose of the section is to illustrate the range of social amentities that could be required should the added employment generated within the provincial economy become a reality.

8 Impact on Social Facilities

8.1 Operational Phase Impact on Social Facilities

Primary Category	Secondary Category	Additional Amenities
Health and Emergency Services	Tertiary Hospital	0
	Regional Hospital	0
	District Hospital	0
	Community Health Centre	0
	Primary Health Clinic	0
	Small- to Medium-Sized Clinic	0
	Large Clinic	0
	Extra Large Clinic	0
	Fire Station	0
	Police Station	0
Social and Cultural Services	Performing Arts Centre	0
	Museum	0
	Local Library	0
	Regional Library	0
Civic Services	Civic Centre	0
	Major Public Event Venue	0
	Home Affairs Office	0
	Regional Home Affairs Office	0
	District Office	0
	Permanent Service Point	0
	Thusong Service Centre	0
Social Services	Community Hall	0
	ICT Access Point	0
	Post Office / Agency and Post Boxes	0
	Large Cemetery	0
	Medium Cemetery	0
	Small Cemetery	0
	Very Small Cemetery	1
	Local Market	1
	Place of Worship	1

Primary Category	Secondary Category	Additional Amenities
Education Services	University	0
	Colleges	0
	Secondary School	0
	Primary School	0
	Grade R ECD	3
	Creche ECD	1
	Resource Hub and Xare Centre ECD	0
Parks and Recreation Services	Small Park	1
	Large Park	0
	Community Parks	0
	Neighbourhood Sports Fields	1
	Community / Sub-District Sports Field	0
	District / Sub-Regional Sports Field	0
	Metro / Regional Sports Field	0
	Multi-Purpose Sports Halls	0
	Swimming Pools	0
	Sports Complexes	0
	Sports Stadiums	0
	Regional Sports Arenas	0
	Interntional Sports Complex	0

Primary Category	Additional Amenities
Health and Emergency Services	0
Social and Cultural Services	0
Civic Services	0
Social Services	3
Education Services	4
Parks and Recreation Services	2
Total	**9**

Chapter 9
Impact on Taxation

This section of the report focuses on providing an overview of the possible taxation and related impacts that could arise during the construction and operational phase of the proposed project. The purpose of the analysis is to estimate the impact, be it direct, indirect or induced, that the construction and operation of the proposed project could have on the provincial economy.

The data provides an informative basis from which to consider the range of tax related revenue that could be generated throughout the provincial economy and as a result of the value chain of the proposed project. Tax related revenue could include taxation of production, products, corporate taxes and personal income taxes.

9 Impact on Taxation

9.1 Construction Phase Impact on Taxation

Tax Type	Direct Impacts	Indirect Impacts	Induced Impacts	Total Impact
Value Added Tax	52 394 735	8 473 194	11 918 379	72 786 308
Custom Duties	7 170 967	399 626	819 185	8 389 778
Excise Levies	152 481	71 007	582 447	805 935
Fuel Levies	17 676 542	3 204 752	3 623 296	24 504 590
Other Taxes	9 350 485	1 841 597	2 564 268	13 756 350
Taxes on Production	13 698 593	5 348 982	8 377 695	27 425 270
Corporate Taxes	114 167 149	10 181 488	19 101 710	143 450 347
Personal Income Tax	87 590 114	17 532 225	32 691 196	137 813 535
Total Impact	302 201 066	47 052 871	79 678 176	428 932 113

9.2 Operational Phase Impact on Taxation

Tax Type	Direct Impacts	Indirect Impacts	Induced Impacts	Total Impact
Value Added Tax	5 020 099	573 426	2 701 600	8 295 125
Custom Duties	88 257	28 350	185 689	302 296
Excise Levies	29 593	6 615	132 026	168 234
Fuel Levies	978 300	241 630	821 311	2 041 241
Other Taxes	1 152 922	122 124	581 256	1 856 302
Taxes on Production	6 580 969	487 018	1 899 015	8 967 002
Corporate Taxes	5 528 415	697 468	4 329 882	10 555 765
Personal Income Tax	21 249 533	1 572 362	7 410 280	30 232 175
Total Impact	40 628 088	3 728 993	18 061 059	62 418 140

9.3 Operational Phase Property Taxation

Property Taxation	Total Annual Property Taxes
Total Property Taxes (i.e. Taxable Property Types)	8 003 615
Total Property Taxes Foregone by Local Municipality (i.e. Subsidy Housing Programmes, etc.)	0

Chapter 10
Sector Profiling

This section of the report focuses on the value chain reaction created within the sectoral profile (50 sub-sectors) of the provincial economy by the construction and operational impact of the proposed mixed-use project.

Ultimately, the profile provides an overview as to where within the provincial economy construction and operational phase impacts will generate added GDP and employment. The data is used to illustrate the value chain impact that the proposed project could have on the economy and where in the economy changes and benefits can be expected.

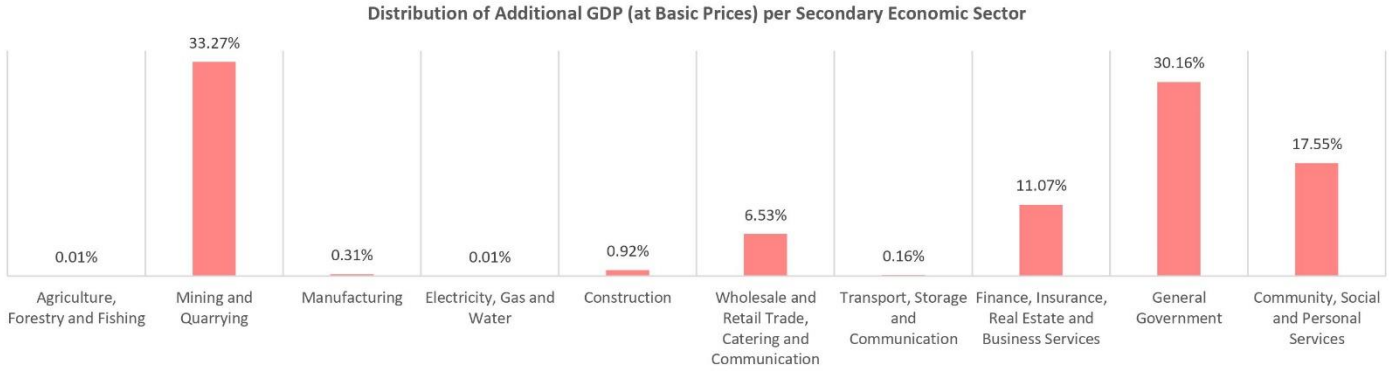
10 Sector Profiling

10.1 Construction Phase Sector Profiling Impact

Economic Geography	Current GDP (at Basic Prices)	Additional GDP (at Basic Prices)	New GDP (at Basic Prices)	% Contribution
Western Cape Provincial Economy	1 308 691 412 000	1 375 194 075	1 310 066 606 075	0.10%
Cape Winelands Regional Economy	84 321 214 000		85 696 408 075	1.60%
Stellenbosch Sub-Regional Economy	20 380 502 000		21 755 696 075	6.32%

Top Economic Sectors that Benefit from Increased GDP

1	National and Provincial government	406 910 412	6	Coal	48 551 888
2	Metals	330 823 677	7	Gold	45 718 795
3	Education (Private)	173 786 097	8	Health and social work (Private)	33 849 696
4	Professional business services	127 672 334	9	Other community, social and personal services	29 182 233
5	Wholesale and retail trade	65 368 630	10	Other mining and quarrying	23 879 078



10.2 Operational Phase Sector Profiling Impact

Economic Geography	Current GDP (at Basic Prices)	Additional GDP (at Basic Prices)	New GDP (at Basic Prices)	% Contribution
Western Cape Provincial Economy	1 308 691 412 000	304 675 212	1 308 996 087 212	0.02%
Cape Winelands Regional Economy	84 321 214 000		84 625 889 212	0.36%
Stellenbosch Sub-Regional Economy	20 380 502 000		20 685 177 212	1.47%

Top Economic Sectors that Benefit from Increased GDP

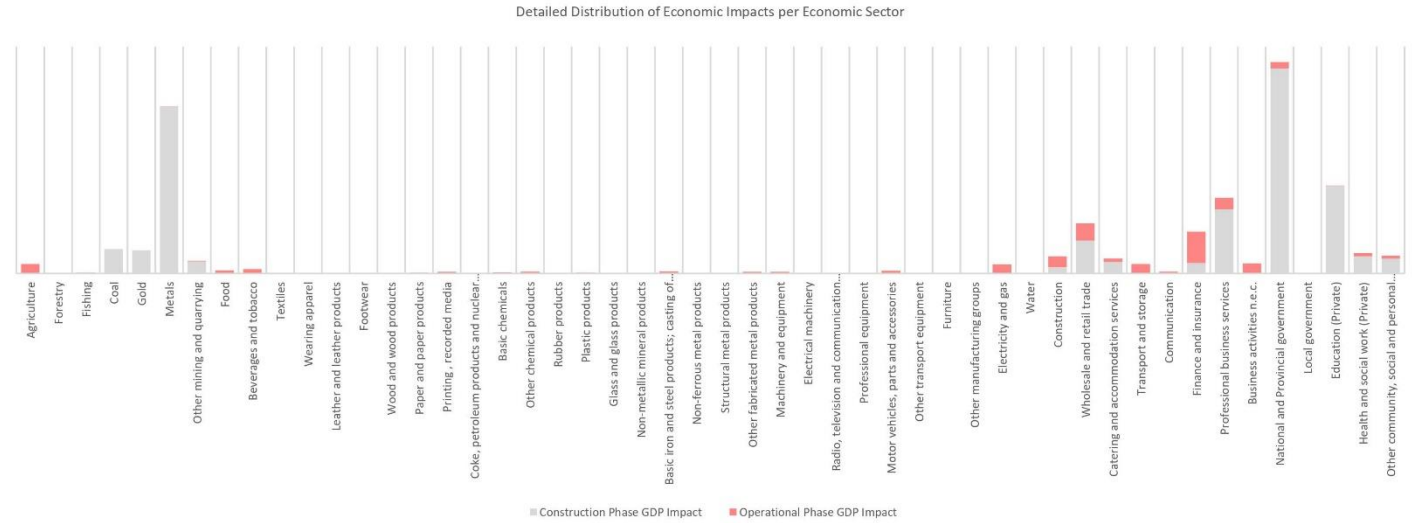
1	Finance and insurance	62 223 053	6	Business activities n.e.c.	18 633 214
2	Wholesale and retail trade	34 297 307	7	Transport and storage	18 196 584
3	Professional business services	22 178 574	8	Electricity and gas	18 132 392
4	Construction	21 470 296	9	National and Provincial government	12 678 552
5	Agriculture	18 677 976	10	Beverages and tobacco	8 510 742

Distribution of Additional GDP (at Basic Prices) per Secondary Economic Sector

10.3 Detailed Added GDP Breakdown

Economic Sector	Actual Sector GDP (at Basic Prices)	Construction Phase GDP Impact	Operational Phase GDP Impact	Distribution (Operational
Agriculture	22 522 083 000	191 319	18 677 976	
Forestry	575 365 000	0	77 134	
Fishing	14 365 971 000	4 361	1 984 144	
Coal	0	48 551 888	0	
Gold	0	45 718 795	0	
Metals	162 378 000	330 823 677	71 688	
Other mining and quarrying	3 292 175 000	23 879 078	1 602 348	
Food	30 995 475 000	164 244	6 049 874	
Beverages and tobacco	22 143 021 000	221 626	8 510 742	
Textiles	3 603 622 000	28 879	472 354	
Wearing apparel	4 941 307 000	100 964	1 135 506	
Leather and leather products	363 383 000	6 475	141 606	
Footwear	495 566 000	286 946	242 721	
Wood and wood products	2 800 914 000	14 500	69 919	
Paper and paper products	8 730 823 000	163 524	1 686 910	
Printing , recorded media	11 464 457 000	653 860	2 510 319	
Coke, petroleum products and nuclear fuel	18 806 712 000	55 804	1 087 889	
Basic chemicals	5 128 976 000	71 364	2 207 251	
Other chemical products	9 449 321 000	489 662	3 471 752	
Rubber products	934 989 000	85 779	304 590	
Plastic products	5 446 268 000	146 247	1 454 504	
Glass and glass products	995 868 000	8 152	994	
Non-metallic mineral products	3 374 224 000	207 516	915 108	
Basic iron and steel products; casting of metal	2 694 565 000	3 001	4 173 521	
Non-ferrous metal products	2 265 260 000	787	192 045	
Structural metal products	2 700 220 000	127 071	532 175	
Other fabricated metal products	6 340 519 000	15 124	3 313 893	
Machinery and equipment	13 013 007 000	134 356	3 030 075	
Electrical machinery	3 004 959 000	4 634	36 756	
Radio, television and communication apparatus	467 769 000	32 152	379 581	
Professional equipment	1 394 954 000	550 501	515 652	
Motor vehicles, parts and accessories	9 718 287 000	16 771	5 392 826	
Other transport equipment	3 592 352 000	39 001	1 122 542	
Furniture	1 275 043 000	533 285	705 565	
Other manufacturing groups	19 696 777 000	4 067	429 130	

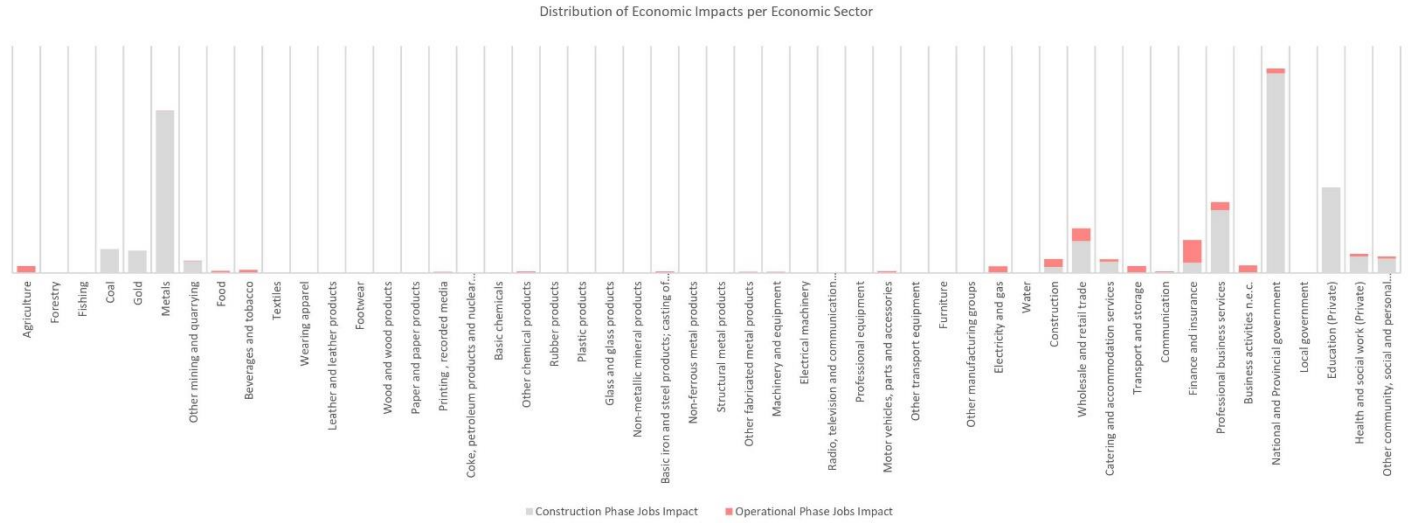
Economic Sector	Actual Sector GDP (at Basic Prices)	Construction Phase GDP Impact	Operational Phase GDP Impact	Distribution (Operational
Electricity and gas	25 044 354 000	32 453	18 132 392	
Water	5 576 456 000	104 678	1 192 655	
Construction	44 914 547 000	12 418 365	21 470 296	
Wholesale and retail trade	187 123 870 000	65 368 630	34 297 307	
Catering and accommodation services	16 154 835 000	22 717 863	7 366 872	
Transport and storage	67 739 522 000	767 611	18 196 584	
Communication	36 090 722 000	1 398 501	2 321 447	
Finance and insurance	93 707 260 000	20 674 970	62 223 053	
Professional business services	273 289 664 000	127 672 334	22 178 574	
Business activities n.e.c.	40 586 807 000	1 066 714	18 633 214	
National and Provincial government	88 609 414 000	406 910 412	12 678 552	
Local government	44 231 750 000	24 222	0	
Education (Private)	68 570 162 000	173 786 097	720 770	
Health and social work (Private)	49 364 548 000	33 849 696	6 641 803	
Other community, social and personal services	30 930 891 000	29 182 233	6 122 604	
Total	**1 308 691 412 000**	**1 349 310 190**	**304 675 212**	



10.4 Detailed Added Jobs Breakdown

Economic Sector	Actual Sector Jobs	Construction Phase Jobs Impact	Operational Phase Jobs Impact	Distribution (Operational
Agriculture	195 143	1	54	
Forestry	11 155	0	0	
Fishing	64 007	0	6	
Coal	0	189	0	
Gold	0	178	0	
Metals	48	1 288	0	
Other mining and quarrying	2 061	93	5	
Food	74 806	1	18	
Beverages and tobacco	17 511	1	25	
Textiles	12 363	0	1	
Wearing apparel	18 375	0	3	
Leather and leather products	1 405	0	0	
Footwear	2 880	1	1	
Wood and wood products	13 136	0	0	
Paper and paper products	9 052	1	5	
Printing , recorded media	25 772	3	7	
Coke, petroleum products and nuclear fuel	6 199	0	3	
Basic chemicals	5 745	0	6	
Other chemical products	15 462	2	10	
Rubber products	2 719	0	1	
Plastic products	22 111	1	4	
Glass and glass products	3 691	0	0	
Non-metallic mineral products	10 219	1	3	
Basic iron and steel products; casting of metal	4 605	0	12	
Non-ferrous metal products	1 456	0	1	
Structural metal products	10 259	0	2	
Other fabricated metal products	19 883	0	10	
Machinery and equipment	36 391	1	9	
Electrical machinery	12 319	0	0	
Radio, television and communication apparatus	2 178	0	1	
Professional equipment	4 576	2	2	
Motor vehicles, parts and accessories	25 946	0	16	
Other transport equipment	8 535	0	3	
Furniture	7 842	2	2	
Other manufacturing groups	14 310	0	1	

Economic Sector	Actual Sector GDP (at Basic Prices)	Construction Phase GDP Impact	Operational Phase GDP Impact	Distribution (Operational
Electricity and gas	10 919	0	53	
Water	3 013	0	3	
Construction	213 755	48	63	
Wholesale and retail trade	739 147	255	100	
Catering and accommodation services	106 612	88	21	
Transport and storage	129 691	3	53	
Communication	30 123	5	7	
Finance and insurance	122 653	80	181	
Professional business services	319 157	497	65	
Business activities n.e.c.	363 028	4	54	
National and Provincial government	156 546	1 584	37	
Local government	105 446	0	0	
Education (Private)	247 752	677	2	
Health and social work (Private)	176 278	132	19	
Other community, social and personal services	378 696	114	18	
Total	**3 764 976**	**5 253**	**888**	



Fiscal and socio-economic impact model developed by DEMACON Market Studies.

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ANNEXURE B: EXISTING FARM SOCIO-ECONOMIC AND FISCAL IMPACT REPORT

Prepared For:
UNiQON

September 2024

Lyndoch Mixed Use Development

Existing Farm Fiscal and Socio-Economic Impact Model

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Index and Glossary

Direct Impacts	Those economic effects caused by the new investment or proposed project
Indirect Impacts	Occurs to industries in the backward linked industries that supply goods and services to the proposed project. Economic activity triggered by the purchases made as a result of the initial round of project expenditure
Induced Impacts	Result from households spending some of the additional income they receive on goods and services within the local, regional and provincial economy
Construction Phase	Focuses on the period during which the proposed project is constructed
Operational Phase	Focuses on the period after construction has completed and operations are started
Capital Investment	The investment by public and private sector stakeholders in land, infrastructure, top structures and other items required to undertake and complete the construction of a project
Annual Turn Over	Estimated annual turn over expected by the project due to normal day to day operations
Gross Domestic Product	Gross domestic product (GDP) at market prices (value added originating) is the value that the production processes and services rendered in the economy adds to the value of goods sold or services delivered (Gross domestic product (GDP) at market prices = Gross value added at basic prices + Net indirect taxes on products (by government))
Formal Employment	Employment figures indicate the number of paid employees and include casual, seasonal and informal workers. Employment consists of three main categories, namely skilled, semi-skilled, low skilled and informal labour
Informal Employment	Number of paid employees that are employed by informal buisnesses - informal businesses are businesses not registered as a formal enterprise
Compensation	The compensation of employees is equal to the income received by employees, i.e. wages and salaries
SMME	Small, Medium and Micro Enterprises

Taxes on Products	Indirect taxes on products include all indirect taxes levied by the government on products. These taxes include the following: Value added tax (VAT) and customs and excise duties
Taxes on Production	Taxes on production are the value of all the money paid by producers to the government, in respect to taxes on their production
Corporate Taxes	Corporate taxes
Personal Taxes	Personal taxes include UIF and PAYE

Chapter 1
Project Information

The following section of the report is focused on providing an overview of the project modeled by the fiscal and socio-economic impact model. The purpose of the section is to introduce the project, highlight the broad land uses of the project, identify capital investment and operational expenditure frameworks and timeframes, and to highlight the intended target market.

1 Project Information

1.1 Project Description

Project Name:	Portion 28 of the Farm 468 Current Wine Grape Production	**Project Description:**	Review of impacts that are generated by the existing use of the property

1.2 Land Use and Bulk Overview

Farm Information	Indicator	Value
Current Farm Extent		45.4 ha
Portion of the Farm used for Vineyards		28.9 ha
Farrow Lands		9.9 ha
Farmyards		0.8 ha
Fall-Out Areas and Farm Roads		5.9 ha
Average Annual Vineyard Grape Yield		158.46 ton
Types of Cultivar Planted	Chenin Blanc	13.7 ha
	Merlot	3.6 ha
	Sauvignon Blanc	5.5 ha
	Cabernet Sauvignon	5.2 ha
Wine Grape Yield per ha	Chenin Blanc	6.1 t/ha
	Merlot	4.6 t/ha
	Sauvignon Blanc	6.6 t/ha
	Cabernet Sauvignon	4.1 t/ha
	Total	5.5 t/ha

1.3 Capital Investment Overview

Land Use Description	Buildings	Infrastructure, Land & Furniture, Fittings & Fixtures	Total Capital Investment	% Contribution
Wine Grape Production Costs	0	0	0	
Wine Manufacturing Costs	0	0	0	
Total	**0**	**0**	**0**	

1.4 Operational Revenue Overview

Land Use Description	Total Annual Operational Expenses	% Contribution
Wine Grape Production Costs	2 185 331	85.3%
Wine Manufacturing Costs	375 280	14.7%
Total	**2 560 611**	

Chapter 2
Synopsis

This section of the report focuses on providing a concise and digestable overview of the outcomes of the socio-economic impact model. The purpose is to highlight key outcomes and considerations from the impact analysis. The Section also serves as an introduction to the remainder of the report which, from Secion 2 onwards, provide detailed information regarding every impact modeled.

2 Synopsis

2.1 Impact Outcome Synopsis

2.1.1 Total Estimated Capital Investment (CAPEX and Operational Revenue (OPEX)

The total estimated operational xpenditure (annualised on-site expenditure) of the development (Net Present Value for the current year) is R2.56 million.

2.1.2 Summary of Construction Phase Impacts

No Construction Phase Impacts

2.1.3 Summary of Operational Phase Impacts

Operational phase impacts are generated when the productive-land uses of the development commence with operations. Impacts created during the operational phase are "sustained" impacts. “Sustained impacts” are impacts that are continuously generated (i.e. created and then sustained annually) as soon as the full operation of the project commences (long-term impacts).

The total OPEX (operational expenditure) of the property could annually add approximately R4.8 million in additional business sales, R1.97 million in additional GDP (contributes +0% to the provincial economy) and approximately 8 sustained jobs (formal and informal) throughout the Western Cape provincial economy.

An estimated 0 formal small, medium and micro-enterprise opportunities could be created throughout the lifetime of agricultural production. Black-owned SMMEs would potentially represent 0% of new formal SMME opportunities, given the prevailing legislative environment.

Formal employment opportunities created throughout the lifetime of the agricultural use of the property 7 jobs (total direct, indirect and induced). Approximately 14.29% of formal employment opportunities are expected to be filled by skilled labourers compared to 28.57% semi-skilled labourers and 57.14% low-skilled labourers. Additional annual compensation paid to employees during the operational phase is estimated to be approximately R0.54 million.

It is estimated that approximately R0.46 million in additional taxes could be generated during the operational phase. The largest contributor to new taxes is as a result of personal income tax, contributing 39.34% to all taxes collected economywide.

2.1.4 Overall Outcome

Overall, the operational phase of the agricultural us of the property would have a positive effect on the Western Cape provincial economy, generating GDP over the short- to long-term, additional business sales and sveral new employment opportunities - across all skill levels. Additional taxes can contribute to national and local treasuries and households across the province can increase their livelihoods.

The property currently contributes to the fiscus and operation of public sector entities.

2.2 Construction Phase Economic Impacts

Construction Phase CAPEX
0

Additional Business Sales	**0**
Additional GDP	**0**
Additional Employment (Formal and Informal)	**0**

2.3 Operational Phase Economic Impacts

Operational Phase OPEX
2 560 611

Additional Business Sales	**4 798 987**
Additional GDP	**1 969 061**
Additional Employment (Formal and Informal)	**8**

2.4 SMME Opportunities

Enterprise Type	Construction Phase	Operational Phase
Micro Enterprises (1 to 10 employees)	0	0
Small Enterprises (11 to 50 employees)	0	0
Medium Enterprises (51 to 200 employees)	0	0
Estimated Number of New Enterprise Opportunities	0	0
Estimated Number of New Black Owned SMME Opportunities	0	0
	0.0%	**0.0%**
	of new business opportunities could be black owned	of new business opportunities could be black owned

2.5 Formal Jobs Created by Skill Level - Construction Phase Economic Impacts

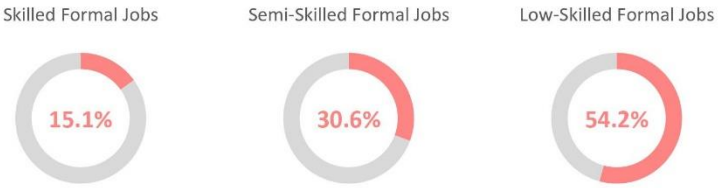
Construction Phase CAPEX
0

Skilled Formal Jobs	0
Semi-Skilled Formal Jobs	0
Low-Skilled Formal Jobs	0

2.6 Formal Jobs Created by Skill Level - Operational Phase Economic Impacts

Operational Phase OPEX
2 560 611

Skilled Formal Jobs	1
Semi-Skilled Formal Jobs	2
Low-Skilled Formal Jobs	4



2.7 Impact on Compensation of Formal Jobs per Skill Level

Job Typer per Skill Level	Construction Phase	Operational Phase
Skilled Formal Jobs	0	178 983
Semi-Skilled Formal Jobs	0	176 678
Low-Skilled Formal Jobs	0	188 191
Total	0	543 851

Average Annual Compensation per Formal Job Created	
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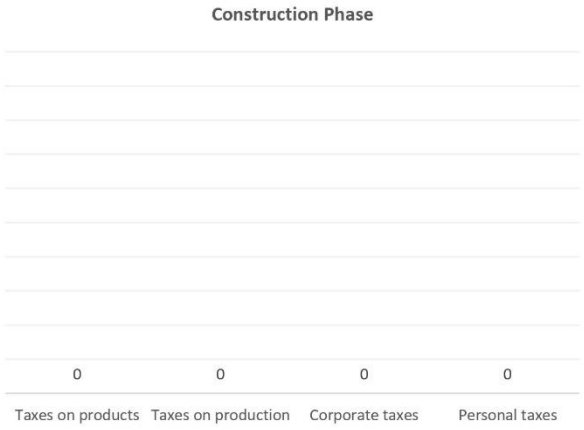
2.8 Additional Social Facilities Required

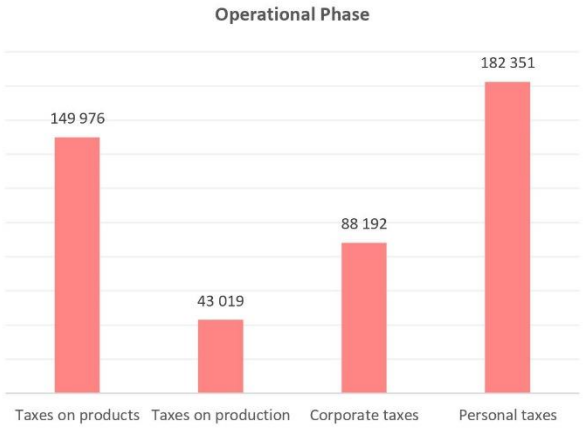
Social Facility Type (Main Category)	Additional Facilities Required (Sustained)
Health and Emergency Services	0
Social and Cultural Services	0
Civic Services	0
Social Services	0
Education Services	0
Parks and Recreation Services	0
Total	**0**

2.9 Additional Taxes Generated

Taxation Type	Construction Phase	Operational Phase
Taxes on products	0	149 976
Taxes on production	0	43 019
Corporate taxes	0	88 192
Personal taxes	0	182 351
Total Tax Impact	0	463 538

Property Taxation	Property Rates per Annum
Total Property Taxes (i.e. Taxable Property Types)	15 760
Total Property Taxes Foregone by Local Municipality (i.e. Subsidy Housing Programmes, etc.)	0
Total	15 760





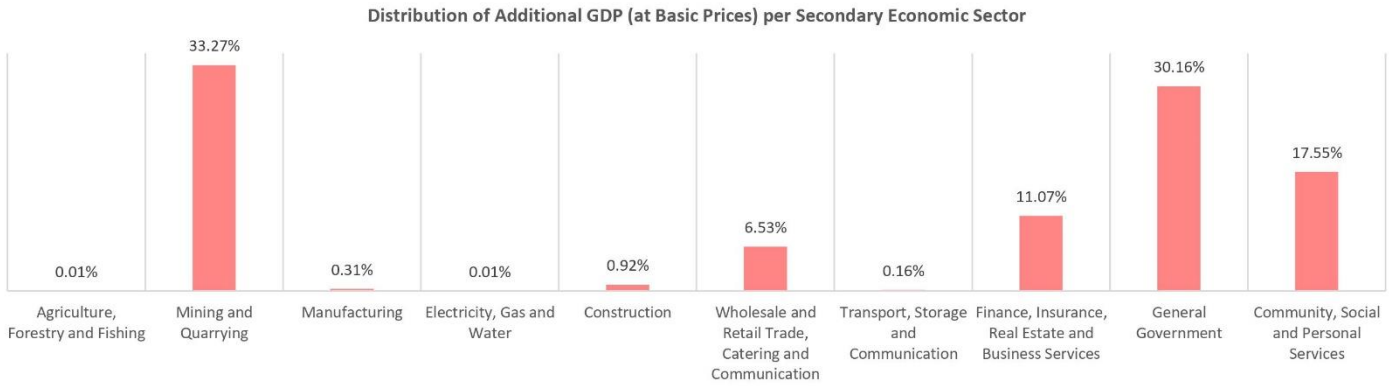
2.10 Sector Profiling

Impact on GDP during the Construction Phase (Different Economic Geographies)

Economic Geography	Current GDP (at Basic Prices)	Additional GDP (at Basic Prices)	New GDP (at Basic Prices)	% Contribution
Western Cape Provincial Economy	1 308 691 412 000	0	1 308 691 412 000	0.00%
Cape Winelands Regional Economy	84 321 214 000		84 321 214 000	0.00%
Stellenbosch Sub-Regional Economy	20 380 502 000		20 380 502 000	0.00%

Top Economic Sectors that Benefit from Increased GDP

1	Agriculture	0	6	#N/A	#N/A
2	#N/A	#N/A	7	#N/A	#N/A
3	#N/A	#N/A	8	#N/A	#N/A
4	#N/A	#N/A	9	#N/A	#N/A
5	#N/A	#N/A	10	#N/A	#N/A

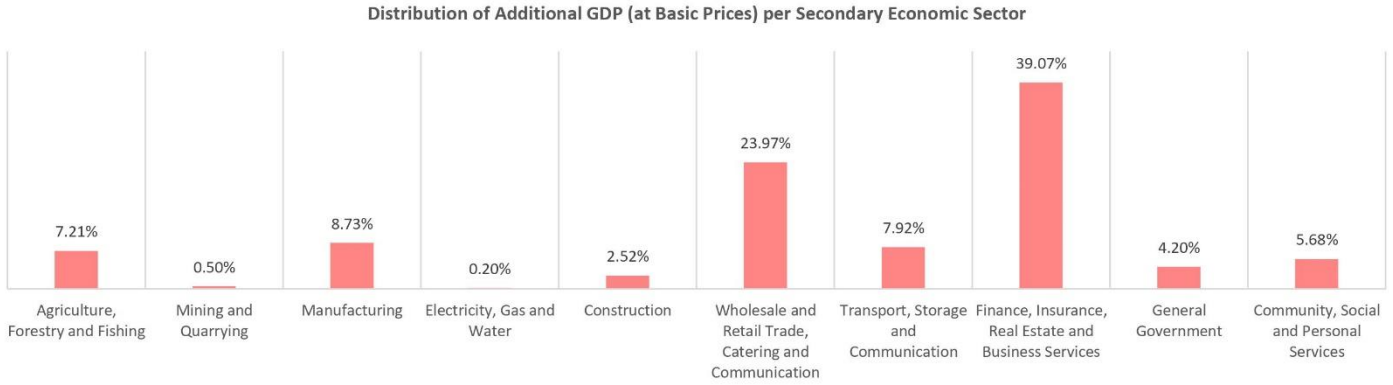


Impact on GDP during the Operational Phase (Different Economic Geographies)

Economic Geography	Current GDP (at Basic Prices)	Additional GDP (at Basic Prices)	New GDP (at Basic Prices)	% Contribution
Western Cape Provincial Economy	1 308 691 412 000	1 823 185	1 308 693 235 185	0.00%
Cape Winelands Regional Economy	84 321 214 000		84 323 037 185	0.00%
Stellenbosch Sub-Regional Economy	20 380 502 000		20 382 325 185	0.01%

Top Economic Sectors that Benefit from Increased GDP

1	Wholesale and retail trade	391 126	6	Business activities n.e.c.	112 275
2	Finance and insurance	358 287	7	National and Provincial government	76 619
3	Professional business services	241 816	8	Health and social work (Private)	56 090
4	Transport and storage	127 675	9	Construction	45 912
5	Agriculture	125 396	10	Catering and accommodation services	45 846



Chapter 3
Construction Phase Economic Impacts

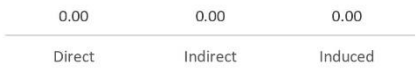
This section of the report is focused on providing an overview of potential economic and socio-economic impacts that may arise during the construction phase of the proposed project. Impacts generated during this phase are not sustained impacts because the construction phase of a project only lasts up until the necessary land improvements, buildings, bulk infrastructure, other infrastructure, fittings and furnishings and operational machinery etc. have been constructed and completed.

3 Construction Phase Economic Impacts

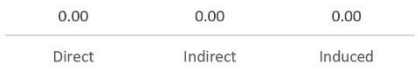
TOTAL estimated **CAPEX** of the project **0.00** million

Additional Business Sales (Unsustained)	0 million
Additional GDP - Market Prices (Unsustained)	0 million
Additional Jobs - Formal & Informal (Unsustained)	0 jobs

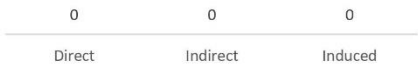
Additional Business Sales (R/million)



Additional GDP (R/million)



Jobs (Formal and Informal)



Additional Business Sales (R/million)

Wine Manufacturing Costs	0.00
Wine Grape Production Costs	0.00

Additional GDP (R/million)

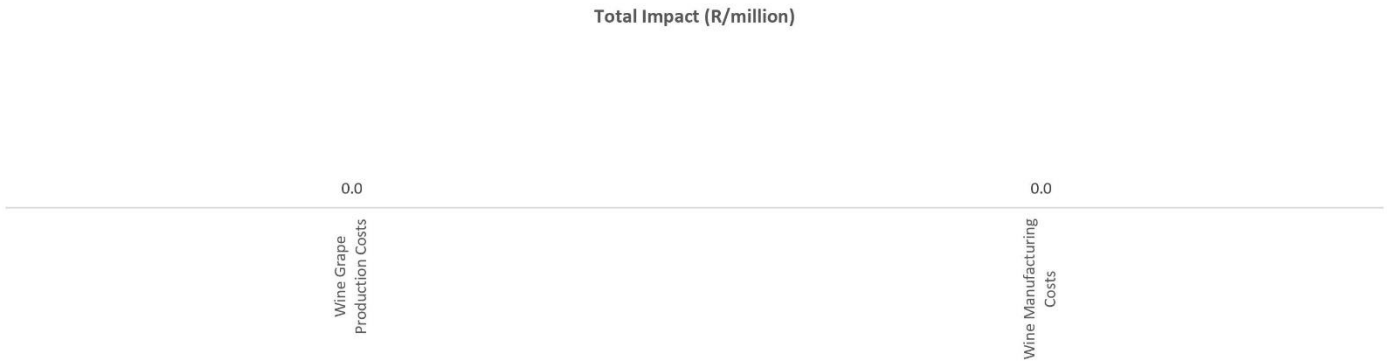
Wine Manufacturing Costs	0.00
Wine Grape Production Costs	0.00

Jobs (Formal and Informal)

Wine Manufacturing Costs	0
Wine Grape Production Costs	0

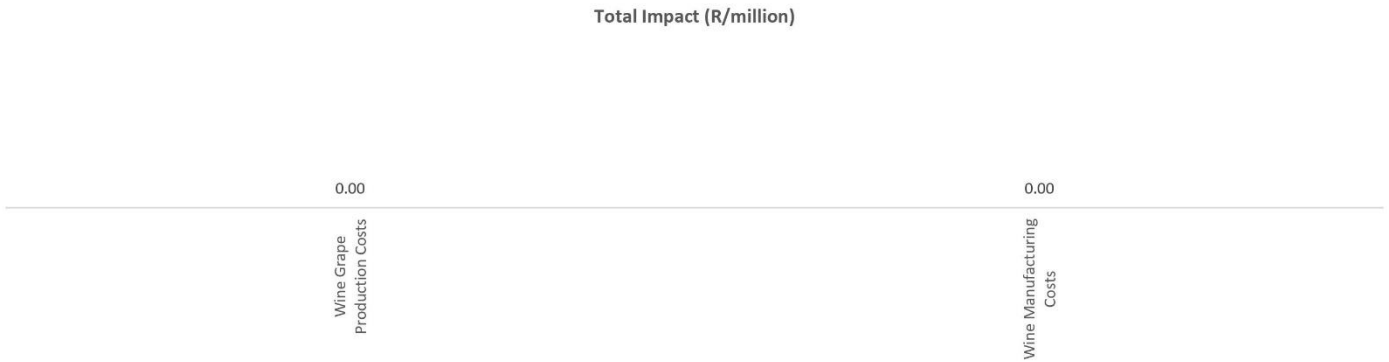
3.1 Impact on Additional Business Sales

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Wine Grape Production Costs				
Wine Manufacturing Costs				
Total				



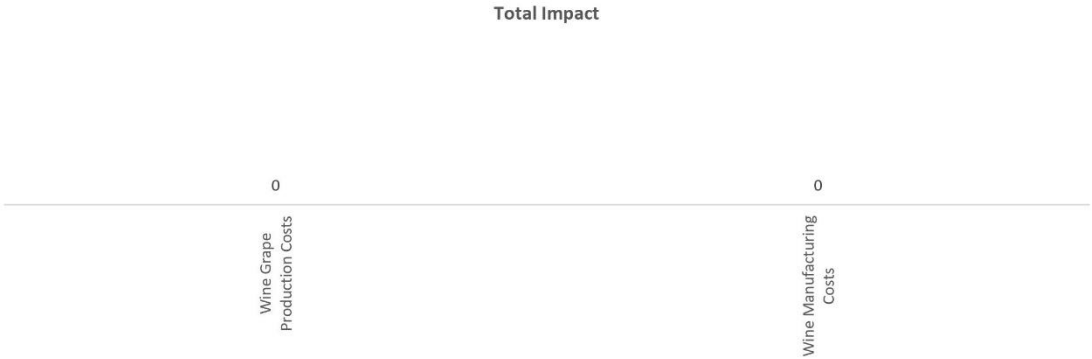
3.2 Impact on Gross Domestic Product

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Wine Grape Production Costs				
Wine Manufacturing Costs				
Total				



3.2 Impact on Employment

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Wine Grape Production Costs				
Wine Manufacturing Costs				
Total				



Distribution between the Formal and Informal Economy	
Total Number of Formal Jobs Created	0
Total Number of Informal Jobs Created	0

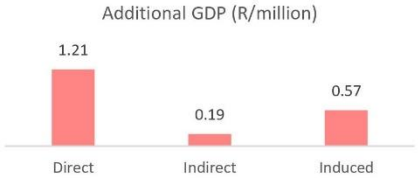
Chapter 4
Operational Phase Economic Impacts

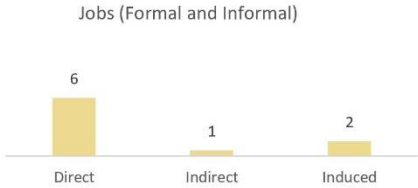
This section of the report is focused on providing an overview of potential economic and socio-economic impacts that may arise during the operational phase of the proposed project. Impacts generated during this phase are sustained impacts meaning, impacts generated are sustained for the duration of the the project lifecycle given that annual turn over remains constant.

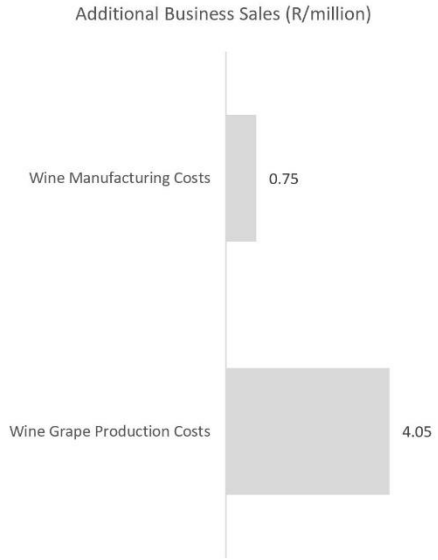
4 Operational Phase Economic Impacts

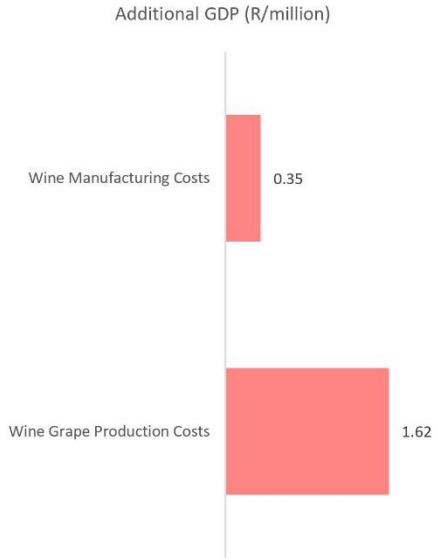
TOTAL estimated **OPEX** of the project **2.56** million

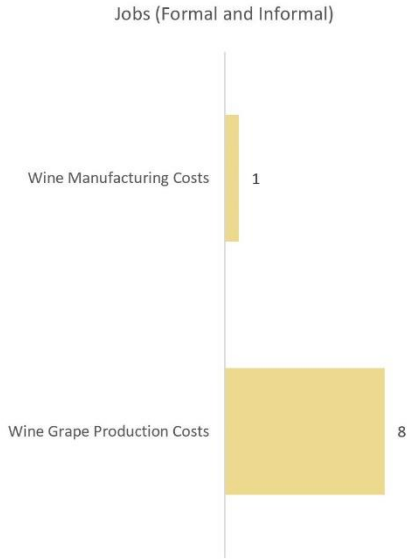
Additional Business Sales (Unsustained)	4.8 million
Additional GDP - Market Prices (Unsustained)	1.97 million
Additional Jobs - Formal & Informal (Unsustained)	8 jobs





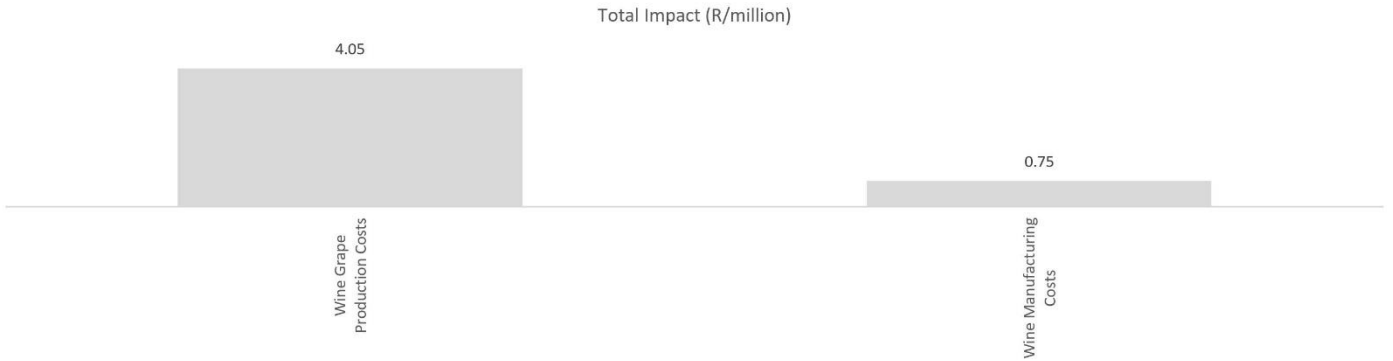






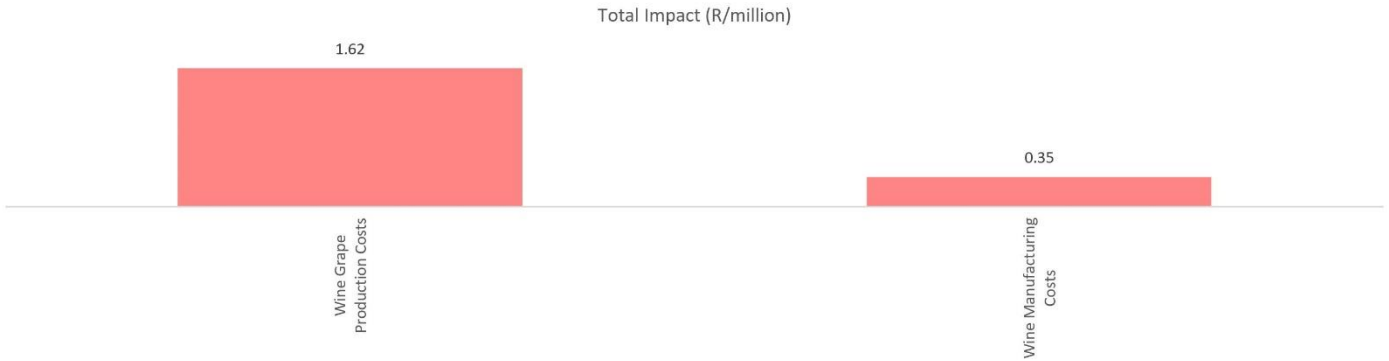
4.1 Impact on Additional Business Sales

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Wine Grape Production Costs	2 784 516	301 788	960 373	4 046 677
Wine Manufacturing Costs	509 241	70 951	172 118	752 310
Total	**3 293 757**	**372 739**	**1 132 491**	**4 798 987**



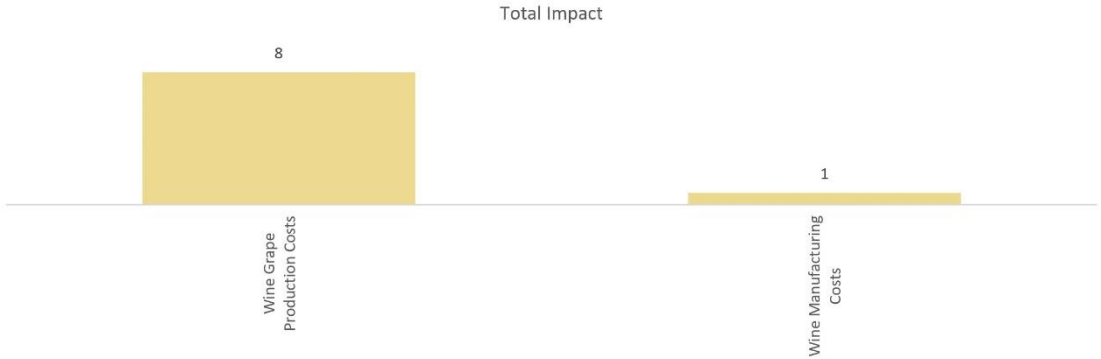
4.2 Impact on Gross Domestic Product

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Wine Grape Production Costs	980 905	159 092	480 011	1 620 008
Wine Manufacturing Costs	229 216	33 809	86 028	349 053
Total	**1 210 121**	**192 901**	**566 039**	**1 969 061**



4.3 Impact on Employment

Land Use	Direct Impacts	Indirect Impacts	Induced Impacs	Total Impacts
Wine Grape Production Costs	6	0	1	8
Wine Manufacturing Costs	0	0	0	1
Total	**6**	**1**	**2**	**8**



Distribution between the Formal and Informal Economy	
Total Number of Formal Jobs Created	7
Total Number of Informal Jobs Created	2

Chapter 5
Estimated Number of Formal SMME Opportunities

This section of the report is focused on providing an overview of potential number of new small, medium or micro enterprises that could become operational as a result of the added GDP generated during the construction and operational phases. The impact considers the current impact (includes an historic perspective) that changes in the GDP of the regional economy has had on the number of SMME's operational and formally registered with SARS. The section thus estimates the number of potential new SMME's that could be established due to changes in the provincial economy's GDP and the segment that could potentially be black owned.

5 Estimated Number of Formal SMME Opportunities

5.1 Construction Phase Enterprise Opportunities

TOTAL estimated **CAPEX** of the project

0.00 million

Micro Enterprises (1 to 10 employees)	0 enterprises
Small Enterprises (11 to 50 employees)	0 enterprises
Medium Enterprises (51 to 200 employees)	0 enterprises

Enterprise Type	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Micro Enterprise Opportunities	0	0	0	0
Small Enterprise Opportunities	0	0	0	0
Medium Enterprise Opportunities	0	0	0	0
Estimated Number of New Enterprise Opportunities	**0**	**0**	**0**	**0**
Estimated Number of New Black Owned Entrprise Opportunities				**0**

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5.1 Operational Phase Enterprise Opportunities

TOTAL estimated **OPEX** of the project

2.56 million

Micro Enterprises (1 to 10 employees)	0 enterprises
Small Enterprises (11 to 50 employees)	0 enterprises
Medium Enterprises (51 to 200 employees)	0 enterprises

Enterprise Type	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Micro Enterprise Opportunities	0	0	0	0
Small Enterprise Opportunities	0	0	0	0
Medium Enterprise Opportunities	0	0	0	0
Estimated Number of New Enterprise Opportunities	**0**	**0**	**0**	**0**
Estimated Number of New Black Owned Entrprise Opportunities				**0**

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Chapter 6
Formal Jobs Created per Skill Level

This section of the report focuses on providing an overview of the impact on formal job creation per skill level during the construction and operational phases of the proposed project. The purpose of the section is to estimate the potential number of new jobs created throughout the provincial economy and the distribution of those jobs per skill level required.

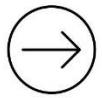
The information provides an indication as to the extent to which the implementation of the proposed project could influence the growth and demand for new skilled labourers. The information also provides a contextual background as to the opportunity to develop skills in the provincial economy.

6 Formal Jobs Created per Skill Level

6.1 Construction Phase Skills Demand

TOTAL estimated **CAPEX** of the project

0.00 million



Skilled Jobs	0 jobs
Semi-Skilled Jobs	0 jobs
Low-Skilled Jobs	0 jobs

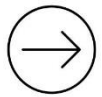
Skill Level	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Skilled Jobs	0	0	0	0
Semi-Skilled Jobs	0	0	0	0
Low-Skild Jobs	0	0	0	0
Estimated Number of New Employment Opportunities	**0**	**0**	**0**	**0**

The data shows that the majority of employment opportunities generated as a result of the project primarily consist of skilled job opportunities.

6.2 Operational Phase Skills Demand

TOTAL estimated **OPEX** of the project

2.56 million



Skilled Jobs	0.452182594539795 jobs
Semi-Skilled Jobs	1.28159843047221 jobs
Low-Skilled Jobs	3.18047801162034 jobs

Skill Level	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Skilled Jobs	0	0	0	1
Semi-Skilled Jobs	1	1	1	4
Low-Skild Jobs	3	3	3	10
Estimated Number of New Employment Opportunities	**5**	**5**	**5**	**15**

The data shows that the majority of employment opportunities generated as a result of the project primarily consist of low-skilled job opportunities.

Chapter 7
Impact on Compensation

This section of the report focuses on providing an overview of the impact on employee compensation for potentially new formally employed persons during the construction and operational phases of the proposed project. The purpose of the section is to identify the additional compensation that could be generated as a result of additional employment.

7 Impact on Compensation

7.1 Construction Phase Impact on Compensation

TOTAL estimated **CAPEX** of the project

0.00 million

Skilled Jobs Total Compensation	0
Semi-Skilled Jobs Total Compensation	0
Low-Skilled Jobs Total Compensation	0

Skill Level	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Skilled Jobs	0	0	0	0
Semi-Skilled Jobs	0	0	0	0
Low-Skild Jobs	0	0	0	0
Estimated Number of New Employment Opportunities	**0**	**0**	**0**	**0**
Average Annual Compensation per Job Created	0	0	0	#DIV/0!

7.2 Operational Phase Impact on Compensation

TOTAL estimated **OPEX** of the project

2.56 million

Skilled Jobs Total Annual Compensation	178 982
Semi-Skilled Jobs Total Annual Compensation	176 677
Low-Skilled Jobs Total Annual Compensation	188 191

Skill Level	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Skilled Jobs	69 402	25 712	83 868	178 982
Semi-Skilled Jobs	83 841	23 776	69 060	176 677
Low-Skild Jobs	116 109	16 912	55 170	188 191
Estimated Number of New Employment Opportunities	**269 352**	**66 400**	**208 098**	**543 850**
Average Annual Compensation per Job Created	53 870	13 280	41 620	108 770

Chapter 8
Impact on Social Facilities

This section of the report focuses on providing an overview of the impact on social amenities as a result of the growth of new employment in the provincial economy due to the construction and operation of the proposed project. The purpose of the section is to illustrate the range of social amentities that could be required should the added employment generated within the provincial economy become a reality.

8 Impact on Social Facilities

8.1 Operational Phase Impact on Social Facilities

Primary Category	Secondary Category	Additional Amenities
Health and Emergency Services	Tertiary Hospital	0
	Regional Hospital	0
	District Hospital	0
	Community Health Centre	0
	Primary Health Clinic	0
	Small- to Medium-Sized Clinic	0
	Large Clinic	0
	Extra Large Clinic	0
	Fire Station	0
	Police Station	0
Social and Cultural Services	Performing Arts Centre	0
	Museum	0
	Local Library	0
	Regional Library	0
Civic Services	Civic Centre	0
	Major Public Event Venue	0
	Home Affairs Office	0
	Regional Home Affairs Office	0
	District Office	0
	Permanent Service Point	0
	Thusong Service Centre	0
Social Services	Community Hall	0
	ICT Access Point	0
	Post Office / Agency and Post Boxes	0
	Large Cemetery	0
	Medium Cemetery	0
	Small Cemetery	0
	Very Small Cemetery	0
	Local Market	0
	Place of Worship	0

Primary Category	Secondary Category	Additional Amenities
Education Services	University	0
	Colleges	0
	Secondary School	0
	Primary School	0
	Grade R ECD	0
	Creche ECD	0
	Resource Hub and Xare Centre ECD	0
Parks and Recreation Services	Small Park	0
	Large Park	0
	Community Parks	0
	Neighbourhood Sports Fields	0
	Community / Sub-District Sports Field	0
	District / Sub-Regional Sports Field	0
	Metro / Regional Sports Field	0
	Multi-Purpose Sports Halls	0
	Swimming Pools	0
	Sports Complexes	0
	Sports Stadiums	0
	Regional Sports Arenas	0
	Interntional Sports Complex	0

Primary Category	Additional Amenities
Health and Emergency Services	0
Social and Cultural Services	0
Civic Services	0
Social Services	0
Education Services	0
Parks and Recreation Services	0
Total	**0**

Chapter 9
Impact on Taxation

This section of the report focuses on providing an overview of the possible taxation and related impacts that could arise during the construction and operational phase of the proposed project. The purpose of the analysis is to estimate the impact, be it direct, indirect or induced, that the construction and operation of the proposed project could have on the provincial economy.

The data provides an informative basis from which to consider the range of tax related revenue that could be generated throughout the provincial economy and as a result of the value chain of the proposed project. Tax related revenue could include taxation of production, products, corporate taxes and personal income taxes.

9 Impact on Taxation

9.1 Construction Phase Impact on Taxation

Tax Type	Direct Impacts	Indirect Impacts	Induced Impacts	Total Impact
Value Added Tax	0	0	0	0
Custom Duties	0	0	0	0
Excise Levies	0	0	0	0
Fuel Levies	0	0	0	0
Other Taxes	0	0	0	0
Taxes on Production	0	0	0	0
Corporate Taxes	0	0	0	0
Personal Income Tax	0	0	0	0
Total Impact	0	0	0	0

9.2 Operational Phase Impact on Taxation

Tax Type	Direct Impacts	Indirect Impacts	Induced Impacts	Total Impact
Value Added Tax	61 475	6 291	19 448	87 214
Custom Duties	4 639	283	1 337	6 259
Excise Levies	8 365	77	950	9 392
Fuel Levies	18 271	2 031	5 912	26 214
Other Taxes	15 353	1 361	4 184	20 898
Taxes on Production	24 362	4 987	13 670	43 019
Corporate Taxes	49 091	7 932	31 169	88 192
Personal Income Tax	110 785	18 222	53 344	182 351
Total Impact	292 341	41 184	130 014	463 539

9.3 Operational Phase Property Taxation

Property Taxation	Total Annual Property Taxes
Total Property Taxes (i.e. Taxable Property Types)	15 760
Total Property Taxes Foregone by Local Municipality (i.e. Subsidy Housing Programmes, etc.)	0

Chapter 10
Sector Profiling

This section of the report focuses on the value chain reaction created within the sectoral profile (50 sub-sectors) of the provincial economy by the construction and operational impact of the proposed mixed-use project.

Ultimately, the profile provides an overview as to where within the provincial economy construction and operational phase impacts will generate added GDP and employment. The data is used to illustrate the value chain impact that the proposed project could have on the economy and where in the economy changes and benefits can be expected.

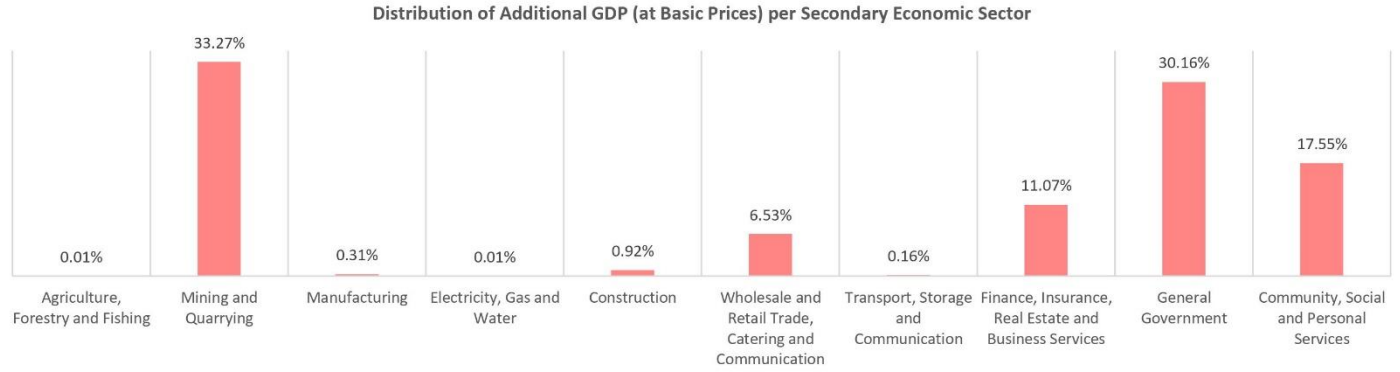
10 Sector Profiling

10.1 Construction Phase Sector Profiling Impact

Economic Geography	Current GDP (at Basic Prices)	Additional GDP (at Basic Prices)	New GDP (at Basic Prices)	% Contribution
Western Cape Provincial Economy	1 308 691 412 000	0	1 308 691 412 000	0.00%
Cape Winelands Regional Economy	84 321 214 000		84 321 214 000	0.00%
Stellenbosch Sub-Regional Economy	20 380 502 000		20 380 502 000	0.00%

Top Economic Sectors that Benefit from Increased GDP

1	Agriculture	0	6	#N/A	#N/A
2	#N/A	#N/A	7	#N/A	#N/A
3	#N/A	#N/A	8	#N/A	#N/A
4	#N/A	#N/A	9	#N/A	#N/A
5	#N/A	#N/A	10	#N/A	#N/A



10.2 Operational Phase Sector Profiling Impact

Economic Geography	Current GDP (at Basic Prices)	Additional GDP (at Basic Prices)	New GDP (at Basic Prices)	% Contribution
Western Cape Provincial Economy	1 308 691 412 000	1 823 185	1 308 693 235 185	0.00%
Cape Winelands Regional Economy	84 321 214 000		84 323 037 185	0.00%
Stellenbosch Sub-Regional Economy	20 380 502 000		20 382 325 185	0.01%

Top Economic Sectors that Benefit from Increased GDP

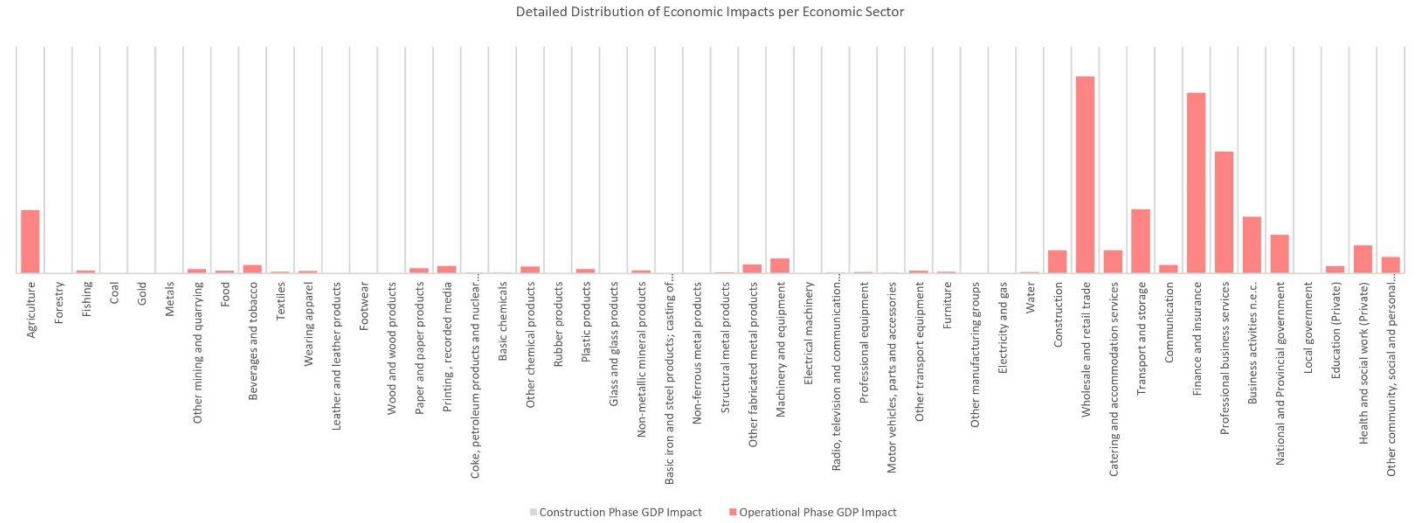
1	Wholesale and retail trade	391 126	6	Business activities n.e.c.	112 275
2	Finance and insurance	358 287	7	National and Provincial government	76 619
3	Professional business services	241 816	8	Health and social work (Private)	56 090
4	Transport and storage	127 675	9	Construction	45 912
5	Agriculture	125 396	10	Catering and accommodation services	45 846

Distribution of Additional GDP (at Basic Prices) per Secondary Economic Sector

10.3 Detailed Added GDP Breakdown

Economic Sector	Actual Sector GDP (at Basic Prices)	Construction Phase GDP Impact	Operational Phase GDP Impact	Distribution (Operational
Agriculture	22 522 083 000	0	125 396	
Forestry	575 365 000	0	81	
Fishing	14 365 971 000	0	5 885	
Coal	0	0	0	
Gold	0	0	0	
Metals	162 378 000	0	456	
Other mining and quarrying	3 292 175 000	0	8 628	
Food	30 995 475 000	0	5 397	
Beverages and tobacco	22 143 021 000	0	16 986	
Textiles	3 603 622 000	0	3 197	
Wearing apparel	4 941 307 000	0	4 930	
Leather and leather products	363 383 000	0	403	
Footwear	495 566 000	0	1 206	
Wood and wood products	2 800 914 000	0	774	
Paper and paper products	8 730 823 000	0	10 168	
Printing , recorded media	11 464 457 000	0	14 886	
Coke, petroleum products and nuclear fuel	18 806 712 000	0	1 620	
Basic chemicals	5 128 976 000	0	1 942	
Other chemical products	9 449 321 000	0	13 907	
Rubber products	934 989 000	0	1 468	
Plastic products	5 446 268 000	0	8 678	
Glass and glass products	995 868 000	0	0	
Non-metallic mineral products	3 374 224 000	0	6 456	
Basic iron and steel products; casting of metal	2 694 565 000	0	474	
Non-ferrous metal products	2 265 260 000	0	71	
Structural metal products	2 700 220 000	0	2 196	
Other fabricated metal products	6 340 519 000	0	17 757	
Machinery and equipment	13 013 007 000	0	30 000	
Electrical machinery	3 004 959 000	0	628	
Radio, television and communication apparatus	467 769 000	0	1 714	
Professional equipment	1 394 954 000	0	3 006	
Motor vehicles, parts and accessories	9 718 287 000	0	2 067	
Other transport equipment	3 592 352 000	0	5 478	
Furniture	1 275 043 000	0	3 197	
Other manufacturing groups	19 696 777 000	0	553	

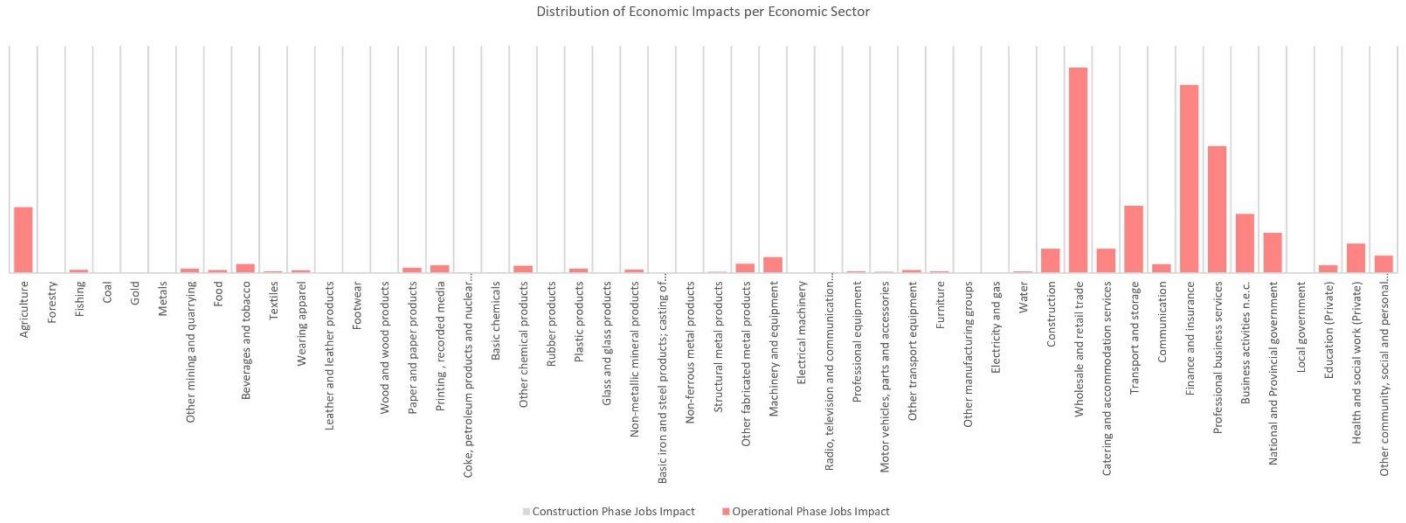
Economic Sector	Actual Sector GDP (at Basic Prices)	Construction Phase GDP Impact	Operational Phase GDP Impact	Distribution (Operational
Electricity and gas	25 044 354 000	0	760	
Water	5 576 456 000	0	2 953	
Construction	44 914 547 000	0	45 912	
Wholesale and retail trade	187 123 870 000	0	391 126	
Catering and accommodation services	16 154 835 000	0	45 846	
Transport and storage	67 739 522 000	0	127 675	
Communication	36 090 722 000	0	16 761	
Finance and insurance	93 707 260 000	0	358 287	
Professional business services	273 289 664 000	0	241 816	
Business activities n.e.c.	40 586 807 000	0	112 275	
National and Provincial government	88 609 414 000	0	76 619	
Local government	44 231 750 000	0	0	
Education (Private)	68 570 162 000	0	14 517	
Health and social work (Private)	49 364 548 000	0	56 090	
Other community, social and personal services	30 930 891 000	0	32 945	
Total	**1 308 691 412 000**	**0**	**1 823 185**	



10.4 Detailed Added Jobs Breakdown

Economic Sector	Actual Sector Jobs	Construction Phase Jobs Impact	Operational Phase Jobs Impact	Distribution (Operational
Agriculture	195 143	0	1	
Forestry	11 155	0	0	
Fishing	64 007	0	0	
Coal	0	0	0	
Gold	0	0	0	
Metals	48	0	0	
Other mining and quarrying	2 061	0	0	
Food	74 806	0	0	
Beverages and tobacco	17 511	0	0	
Textiles	12 363	0	0	
Wearing apparel	18 375	0	0	
Leather and leather products	1 405	0	0	
Footwear	2 880	0	0	
Wood and wood products	13 136	0	0	
Paper and paper products	9 052	0	0	
Printing , recorded media	25 772	0	0	
Coke, petroleum products and nuclear fuel	6 199	0	0	
Basic chemicals	5 745	0	0	
Other chemical products	15 462	0	0	
Rubber products	2 719	0	0	
Plastic products	22 111	0	0	
Glass and glass products	3 691	0	0	
Non-metallic mineral products	10 219	0	0	
Basic iron and steel products; casting of metal	4 605	0	0	
Non-ferrous metal products	1 456	0	0	
Structural metal products	10 259	0	0	
Other fabricated metal products	19 883	0	0	
Machinery and equipment	36 391	0	0	
Electrical machinery	12 319	0	0	
Radio, television and communication apparatus	2 178	0	0	
Professional equipment	4 576	0	0	
Motor vehicles, parts and accessories	25 946	0	0	
Other transport equipment	8 535	0	0	
Furniture	7 842	0	0	
Other manufacturing groups	14 310	0	0	

Economic Sector	Actual Sector GDP (at Basic Prices)	Construction Phase GDP Impact	Operational Phase GDP Impact	Distribution (Operational
Electricity and gas	10 919	0	0	
Water	3 013	0	0	
Construction	213 755	0	0	
Wholesale and retail trade	739 147	0	2	
Catering and accommodation services	106 612	0	0	
Transport and storage	129 691	0	1	
Communication	30 123	0	0	
Finance and insurance	122 653	0	2	
Professional business services	319 157	0	1	
Business activities n.e.c.	363 028	0	1	
National and Provincial government	156 546	0	0	
Local government	105 446	0	0	
Education (Private)	247 752	0	0	
Health and social work (Private)	176 278	0	0	
Other community, social and personal services	378 696	0	0	
Total	**3 764 976**	**0**	**8**	



Fiscal and socio-economic impact model developed by DEMACON Market Studies.

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