

# Inkosi Phalane Shopping Centre Socio-Economic Impact Assessment June 2023



Celebrate **Development Diversity**

## SPECIALIST DETAILS AND DECLARATION

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I, Tinotenda Makoni, declare that –

- I act as the independent specialist in this application.
- I will perform the work relating to the application in an objective manner, even if this results in views and findings that are not favourable to the applicant.
- I declare that there are no circumstances that may compromise my objectivity in performing such work.
- I have expertise in conducting the specialist report relevant to this application, including knowledge of the Act, Regulations and any guidelines that have relevance to the proposed activity.
- I will comply with the Act, Regulations and all other applicable legislation.
- I have no, and will not engage in, conflicting interests in the undertaking of the activity.
- I undertake to disclose to the applicant and the competent authority all material information in my possession that reasonably has or may have the potential of influencing – any decision to be taken with respect to the application by the competent authority; and – the objectivity of any report, plan or document to be prepared by myself for submission to the competent authority.
- All the particulars furnished by me in this form are true and correct.
- I realise that a false declaration is an offence in terms of Regulation 48 and is punishable in terms of section 24F of the Act.

**Tinotenda Makoni**

Name

Signature



Date

26 June 2023

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I, Stacey Mthalane, declare that –

- I act as the independent specialist in this application.
- I will perform the work relating to the application in an objective manner, even if this results in views and findings that are not favourable to the applicant.
- I declare that there are no circumstances that may compromise my objectivity in performing such work.
- I have expertise in conducting the specialist report relevant to this application, including knowledge of the Act, Regulations and any guidelines that have relevance to the proposed activity.
- I will comply with the Act, Regulations and all other applicable legislation.
- I have no, and will not engage in, conflicting interests in the undertaking of the activity.
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- All the particulars furnished by me in this form are true and correct.
- I realise that a false declaration is an offence in terms of Regulation 48 and is punishable in terms of section 24F of the Act.

**Stacey Mthalane**

Name  
Date



Signature  
22 June 2023

## Specialist Report Requirements in Terms of Appendix 6 of the EIA Regulations (2014), as Amended in 2017

Table 1: Specialist report requirements in terms of Appendix 6 of the EIA Regulations (2014), as amended in 2017

<b>A specialist report prepared in terms of the Environmental Impact Regulations of 2014 (as amended in 2017) must contain:</b>	<b>Relevant section in report</b>
Details of the specialist who prepared the report	Pg ii & iii
The expertise of that person to compile a specialist report including a curriculum vitae	Pg ii & iii
A declaration that the person is independent in a form as may be specified by the competent authority	Pg ii & iii
An indication of the scope of, and the purpose for which, the report was prepared	1
An indication of the quality and age of base data used for the specialist report	1
A description of existing impacts on the site, cumulative impacts of the proposed development and levels of acceptable change	7
The duration, date and season of the site investigation and the relevance of the season to the outcome of the assessment	N/A
A description of the methodology adopted in preparing the report or carrying out the specialised process inclusive of equipment and modelling used	1
Details of an assessment of the specific identified sensitivity of the site related to the proposed activity or activities and its associated structures and infrastructure, inclusive of a site plan identifying site alternative	N/A
An identification of any areas to be avoided, including buffers	N/A
A map superimposing the activity including the associated structures and infrastructure on the environmental sensitivities of the site including areas to be avoided, including buffers	N/A
A description of any assumptions made and any uncertainties or gaps in knowledge	N/A
A description of the findings and potential implications of such findings on the impact of the proposed activity or activities	4, 5 & 6
Any mitigation measures for inclusion in the EMPr	7
Any conditions for inclusion in the environmental authorisation	N/A
Any monitoring requirements for inclusion in the EMPr or environmental authorisation	N/A
A reasoned opinion as to whether the proposed activity or portions thereof should be authorised	7 & 8
Regarding the acceptability of the proposed activity or activities; and	8
If the opinion is that the proposed activity or portions thereof should be authorised, any avoidance, management and mitigation measures that should be included in the EMPr, and where applicable, the closure plan	7 & 8
A description of any consultation process that was undertaken during the course of carrying out the study	6
A summary and copies if any comments that were received during any consultation process	N/A
Any other information requested by the competent authority.	N/A

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## Abbreviations/Acronyms

CAPEX	Capital Expenditure
DEA	Department of Environmental Affairs
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
FTE	Full time Employment
GDP	Gross Domestic Product
GVA	Gross Value Added
ICT	Information Communication and Technology
IDP	Integrated Development Plan
IO	Input-output model
KZN	KwaZulu-Natal
LED	Local Economic Development
LM	Local Municipality
NDP	National Development Plan
NEMA	National Environmental Management Act
NGPF	New Growth Path Framework
OPEX	Operational Expenditure
PGDS	Provincial Growth Development Strategy
PSDF	Provincial Spatial Development
RSA	Republic of South Africa
SAM	Social Accounting Matrix
SDF	Spatial Development Framework
SEIA	socio-economic impact assessment
SIA	Social Impact Assessment
SMME	small, medium and micro enterprises
Stats SA	Statistics South Africa



## 1. Introduction

Urban-Econ Development Economists was commissioned by TK Investments to provide a socio-economic impact assessment (SEIA) relating to the development of Inkosi Phalane Shopping Centre located at Farm Ruth within Esikhaleni area, KwaZulu-Natal. The proposed development requires Environmental Authorisation (EA) from the National Department of Environmental Affairs (DEA) in accordance with the National Environmental Management Act (No. 107 of 1998) (NEMA), and the 2014 Environmental Impact Assessment (EIA) Regulations (GNR 326).

Therefore, this study forms part of the legally mandated Environmental and Social Impact Assessment (ESIA) which is required to inform Environmental Authorisation. The requirements of Specialists Reports are defined in Appendix 6 of the EIA Regulations, 2014 (as amended in 2017). An overview of these requirements can be found in Table 1 (page iii) of this document.

### 1.1 Purpose of the study

This section stipulates the main purpose of the study which is to:

Evaluate the potential impacts of the proposed development of Inkosi Phalane Shopping Centre on the receiving environment during construction and operation of the shopping centre. development.

The study aims to identify, quantify (where possible) and assess the anticipated socio-economic impacts of the proposed development on the receiving environment, as well as provide suggestions on measures that could mitigate negative impacts and enhance positive impacts. It further provides a reasoned opinion on the need and desirability of the proposed project from a socio-economic perspective.

### 1.2 Study Approach

To achieve the abovementioned objectives of the study the following methodology and approach was applied:

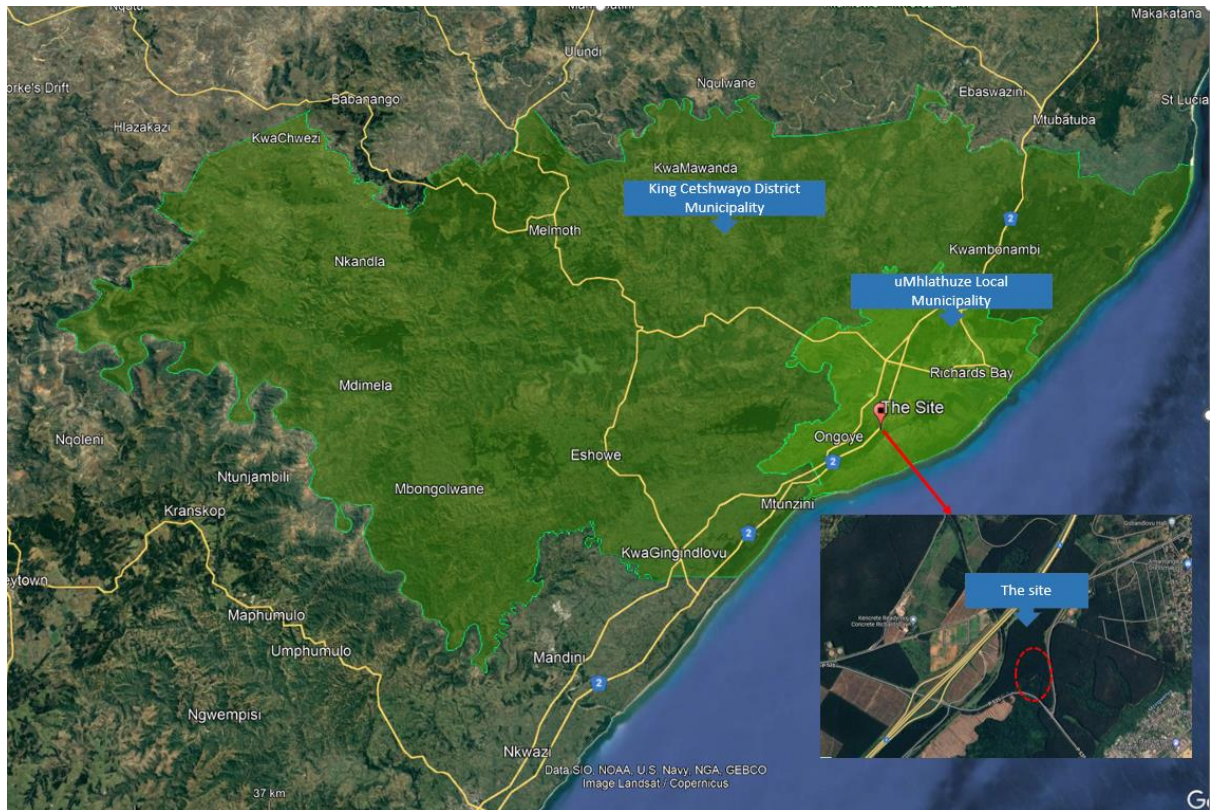
- Review of existing documents and information relating to the study area
- Review of National, Provincial, and Regional Economic Policy relevant to the study area
- Provision of a Regional Economic Profile for the study area, including current GDP, prominent economic sectors, employment figures and access to services.
- Provision of a Regional Demographic Profile for the study area, including population dynamics, age cohorts, level of education and household dynamics.
- A determination of the potential direct and indirect impacts during both the construction period and operational period of the project. This includes a consideration of the impact on key factors including employment opportunities, income and regional production.
- Consolidate the study information and outline key findings of the study.

The sub-sections which follow provide a background to the project and key information on its location, and development concept design.

### 1.3 Project location

The proposed development is a shopping centre on a site located along the P535 at Ruth Farm in Esikhaleni area. This proposed development is a greenfield development on land currently leased by Mondi for forestry purposes. The site owned by the Mkhwanazi community in Empangeni. The proposed development intends to service the community of Esikhaleni area, KwaDlangezwa and other surrounding areas including Port Dunford and Mthunzini towards the south of uMhlathuze LM boundary because of the site's strategic position.

Figure 1: Proposed site location



Google Maps and Urban-Econ, 2023

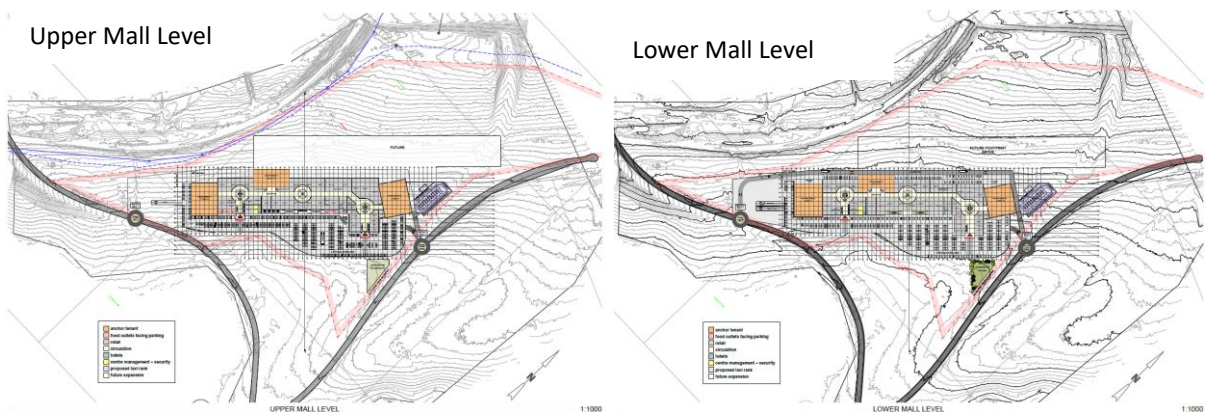
The motivation for the proposed development stems from an understanding that the area is currently under serviced by retail amenities. From the south of uMhlathuze LM towards Durban to the north of uMhlathuze LM towards Zululand, there are no shopping centres within the visibility of N2. The existing Empangeni and Richards Bay Shopping centres require customers to exit the N2 and drive another 5 to 10kms to gain access to retail services. Therefore, the proposed development will provide convenience to the immediate surrounding communities as well as the transient market travelling along the N2.

It is understood that the shopping centre is the first phase of the overall development plan. Other ancillary developments will be phased out in the future.

#### 1.4 Project Development Concept

The proposed Inkosi Phalane Shopping Centre will be a regional mall of 58 700m<sup>2</sup> in extent developed on farm Ruth. The proposed preliminary design of the proposed development is illustrated below:

Figure 2: Proposed Inkosi Phalane Shopping Centre layout and Design



Source: Sakhisizwe Architects, 2023

The proposed areas as per the design illustrated above is:

- Upper Mall level: 30 000m<sup>2</sup>
- Lower Mall Level: 28 700m<sup>2</sup>
- Total Proposed Area: 58 700m<sup>2</sup>
- Future Expansion: 35 000m<sup>2</sup>

The proposed parking bays based on the size of the mall is 58000m<sup>2</sup> @ 4bays/100m<sup>2</sup> = 2 320 bays required, which will be distributed as upper mall level: ± 670 bays provided; Lower mall level: ± 630 bays provided; Lower parking level: ± 1 000 bays provided. However, the number of parking bays is likely to reduce to 2 parking bays /100m<sup>2</sup> by introducing a Taxi Rank within the mall to mitigate the high number of parking bays. In addition, the design concept includes a park outside the mall for the community to utilize.



## 2 Policy Review

This section of the study provides an overview and summary of relevant strategic policy documents. Reviewing existing policy is essential in ensuring the project is aligned with national, regional, and local economic development strategic planning. Thus, this section aims to highlight the areas of the proposed development which align with the above-mentioned strategic planning directives. The following policies were identified as applying to the Area of Influence (AOI) and are listed as follows:

- National:
  - Constitution of the Republic of South Africa, 1996
  - National Development Plan (NDP), 2011 – 2030
  - New Growth Path Framework (NGPF), 2010
- Provincial:
  - The Draft provincial Growth Development Strategy (PGDS), 2021-2030
  - Provincial Growth and Development Plan (PGDP), 2035
  - Provincial Spatial Development Framework (PSDF)
- Regional:
  - King Cetshwayo Integrated Development Plan
  - uMhlathuze LM Integrated Development Plan (IDP), 2017 – 2021
  - uMhlathuze LM Spatial Development Framework (SDF), 2018
  - uMhlathuze Local Economic Development (LED) Strategy
  - uMhlathuze LM Human Settlement Plan 2019/2020

### 2.1 National Policies

#### 2.1.1 Constitution of the Republic of South Africa, 1996

The Constitution of the Republic of South Africa, 1996 is the supreme law of South Africa, and forms the foundations for a democratic society in which fundamental human rights are protected. The Bill of Rights contained in Chapter 2 of the Constitution enshrines the rights of all people in South Africa and affirms the democratic values of human dignity, equality and freedom. Section 24 of the Constitution pertains specifically to the environment. It states that:

24. *Everyone has the right –*

- (a) *To an environment that is not harmful to their health or well-being; and*
- (b) *To have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:*
  - (i) *Prevent pollution and ecological degradation.*
  - (ii) *Promote conservation.*
  - (iii) *Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.*

The Constitution outlines the need to promote social and economic development. Section 24 of the Constitution therefore requires that development be conducted in such a manner that it does not infringe on an individual's environmental rights, health, or well-being. This is especially significant for previously disadvantaged individuals who are most at risk to environmental impacts. The proposed development contributes to the constitutional mandate of providing sustainable development that is economically justifiable and encourages social development.

### 2.1.2 National Development Plan (NDP) 2030

The National Development Plan (NDP) 2030 aims to address South Africa's developmental challenges of poverty and inequality by 2030. The Plan states that although South Africa has made strides in developing inclusive societies, its societies remain highly unequal due to poverty, lack of adequate employment, poor quality of education and the legacy of the apartheid spatial divide which dominates the landscape (National Planning Commission, 2011). Building capabilities, expanding opportunities and employment have been identified as key aspects of change that can enhance social cohesion through reducing poverty and raising living standards.



As such, the plan prioritises three areas: raising employment through faster economic growth, improving the quality of education, skills development and innovation, and building the capability of the state to play a developmental, transformative role (National Planning Commission, 2011).

The proposed project aligns with the NDP objectives, as it will provide sustainable employment opportunities for the receiving communities. The retail sector is a labour-intensive industry by nature; therefore, the proposed shopping centre is expected to absorb hundreds of unemployed people from the receiving communities. This will inevitably increase the living standards as well as reduce poverty within the area of impact. Whilst expanding on opportunities for local businesses. Furthermore, the proposed development will alleviate the apartheid spatial planning legacies which the deprived the disadvantaged people access to social and economic opportunities it will bring economic opportunities to the people and lessen the travelling costs the communities were subjected too in order to access services, which further reinforced economic inequality.

## 2.2 Provincial Policies

As with the national legislative, policy and planning framework, a project's alignment with the provincial policy and planning context is an indication of its strategic importance in supporting the province's development objectives. A review of this provincial context suggests that the shopping centre is strategically important to the provincial objectives of creating employment, supporting the development of communities and the people that reside there, developing strategic infrastructure, and delivering spatial equity.

### 2.2.1 The Draft Provincial Growth Development Strategy, 2021-2030

The Provincial Growth Development Strategy (PGDS) provides KwaZulu-Natal with a reasoned strategic framework for accelerated and shared economic growth through catalytic and developmental interventions, within a coherent equitable spatial development architecture, putting people first, particularly the poor and vulnerable, and building sustainable communities, livelihoods and living environments.<sup>1</sup>

The PGDS vision is for KZN to be "a prosperous Province by 2035 with healthy, secure and skilled population, living in dignity and harmony acting as a gateway for Africa and the World". In support of the vision, KZN's mission is to strive for the following:

- Maximise its position as a gateway to South and Southern Africa, as well as its human and natural resources, to create a safe, healthy, dignified, and sustainable living environment.
- Radically transform its socio-economic landscape, eradicated abject poverty, inequality, unemployment and the burden of disease, basic services have reached all of its people, domestic and foreign investors are attracted to our world class infrastructure and a skilled labour force; and

<sup>1</sup> KwaZulu-Natal Provincial Planning Commission, 2021

- Deliver an environment where people have healthy and sustainable options on where and how they opt to live, work and play, where the principle of putting people first, living together in dignity and harmony, and where leadership, partnership, and prosperity in action, has become a normal way of life.

The three pillars of South Africa’s national development priorities, which underpin the strategic priorities of KZN, are: a strong and inclusive economy; capable South Africans, and a capable developmental state. The strategic pillars of the KZN PDGS are:

- Building a capable, ethical, and developmental state.
- Economic transformation and job creation.
- Education, skills, and health.
- Consolidating the social wage through reliable and quality basic services.
- Spatial integration, human settlements, and local government.
- Social cohesion and safe communities.
- Better Africa and Better world.

Through its operations, the shopping centre can positively contribute towards the aims of the PDGS through creating employment opportunities, supporting the economic development of the province, enhancing the inclusion of vulnerable groups in the economic activity of the province, and through spatial integration.

### 2.2.2 The Provincial Growth and Development Plan 2035

The main purpose of the Provincial Growth and Development Plan (PGDP) is to translate the PGDS into an implementation plan which will provide a sound platform for departmental, sectoral, and stakeholder annual performance planning and therefore to guide resource allocation. This document is a strategic management tool to ensure that as a province, there is a concerted and measured effort to achieve the 2035 Vision of the PGDS.<sup>2</sup>

To realise the vision, seven strategic goals and 31 strategic objectives have been identified to guide policymaking, programme prioritisation, and resource allocation. The objectives relevant to this project are listed in the Table below.

Table 2: PGDP Key Strategic goals and Objectives

<b>Strategic Goals</b>	<b>Strategic objectives</b>
<b><i>Inclusive economic growth</i></b>	<ul style="list-style-type: none"> <li>• Develop and promote agricultural potential in KZN</li> <li>• Promote SMME and entrepreneurial development.</li> <li>• Enhance knowledge economy.</li> </ul>
<b><i>Human resource development</i></b>	<ul style="list-style-type: none"> <li>• Support skills development to economic growth.</li> <li>• Enhance youth and adult skills development and life-long learning.</li> </ul>
<b><i>Human community development</i></b>	<ul style="list-style-type: none"> <li>• Eradicate poverty and improve social welfare.</li> <li>• Enhance health of communities and citizens.</li> <li>• Safeguard and enhance sustainable livelihoods and food security.</li> <li>• Promote sustainable human settlements.</li> <li>• Enhance safety and security.</li> <li>• Advance social cohesion and social capital.</li> <li>• Promote youth, gender and disability advocacy and the advancement of women.</li> </ul>
<b><i>Environmental sustainability</i></b>	<ul style="list-style-type: none"> <li>• Enhance resilience of ecosystem services.</li> <li>• Expand application of green technologies.</li> </ul>

<sup>2</sup> KwaZulu-Natal Provincial Planning Commission, 2019

**Spatial equity**

- Enhance the resilience of new and existing cities, towns, and rural nodes, ensuring equitable access to resources, and social and economic opportunities.
- Ensure integrated land management use across the province, ensuring equitable access to goods and services, attracting social and financial investment.

Source: KwaZulu-Natal Provincial Planning Commission, 2019

The development of the shopping centre is aligned to the strategic goals of the province in terms of inclusive growth, human community development and spatial equity to ensure that the 2035 vision is achieved. The proposed development will enhance the Esikhawini node by providing ease of access to resources, social and economic opportunities which will make this node resilient and possibly a future primary node of the uMhlatuze LM.

It is understood that unemployment remains one of the major structural constraints within the province and contributes to high levels of poverty and inequality and deteriorates the overall quality of life and the socio-economic prospects available to the people of the province. The shopping centre will most likely result in several employment and business opportunities for the receiving communities and beyond. It will also play a major role in the growth and development of the uMhlatuze Local Municipality and to eradicate poverty and improve social welfare.

2.2.3 Provincial Spatial Development Framework (PSDF)

The KZN Provincial Spatial Development Framework (PSDF) vision is to utilise physical and environmental resources toward greater spatial integration and sustainability. The envisaged provincial spatial development outcomes include an integrated and inclusive province, sustainable province, resilient province, productive and efficient province, and well managed province.

The strategic goals and objectives relevant to this project are indicated in the table below.

Table 3: PDSF Objectives of relevance to the development of the Shopping Centre

Strategic Goal	Strategic objectives
<b>Integrated and inclusive development and land</b>	<ul style="list-style-type: none"> <li>• Settlements with defined social or spatial networks tying people and places together, providing access and opportunity for all.</li> <li>• Improved access of vulnerable groups to services and economic opportunities.</li> <li>• Spatial planning and land use management that addresses improved linkages between areas of need and areas of opportunity.</li> <li>• Equitable and sustainable access to a minimum level of goods and services</li> <li>• Transformation that includes deliberate changes through aligned investments to maximise the potential of an area in a way that improves the spatial form, accessibility, use, control and management of space to enable equity and inclusion.</li> <li>• Economic inclusion through equitable access to employment and the economy by individuals.</li> </ul>
<b>Sustainable use of resources</b>	<ul style="list-style-type: none"> <li>• Sustainable use and protection of critical natural resources needed as basis for health and development.</li> <li>• Sustainable land use management and spatial planning towards sustainable settlements.</li> </ul>



<b>Establishing resilient province</b>	<ul style="list-style-type: none"> <li>• Reduce environmental degradation and loss which increases human vulnerability.</li> <li>• Create social, economic, and ecological resilience in spatial planning and land use management.</li> </ul>
<b>Productive and efficient development of the spatial economy</b>	<ul style="list-style-type: none"> <li>• Reduced travel time between residential and employment areas at all spatial scales.</li> <li>• Strengthened regional and localised economic centres which are focused on providing both local and regional economic growth opportunities.</li> <li>• Efficient urban centres serve as support to surrounding regions towards economic integration and localised growth.</li> <li>• Secondary towns are structured and developed to provide a social and economic linkage between large economic centres and peripheral areas.</li> </ul>

Source: KwaZulu-Natal PSDF, 2022

The proposed shopping centre is aligned to the vision of the KZN PSDF because it encourages integrated and inclusive land development which will improve access to services and economic opportunities to the vulnerable groups by bringing the retail services and creating employment opportunities to an area that is currently underserved in terms of retail services. The shopping centre will also promote productivity and efficiency to by reducing travel time between the communities and retail services and employment.

## 2.3 Regional Policies

### 2.3.1 King Cetshwayo District Municipality Integrated Development Plan

The vision for King Cetshwayo was developed within the context of the national and provincial environment, it is also linked to the long-term spatial development vision.

The vision of King Cetshwayo District Municipality is:

*“Forging ahead being inspired by integrity and the will to provide sustainable and quality service delivery”<sup>3</sup>.*

To ensure that that vision is achieved the following missions will be undertaken:

- Provision of sustainable; quality water and sanitation services
- Developing the economy through economic transformation and job creation
- Promoting good governance through transparency, integrity and professionalism.
- Developing local economy through tourism, film and agriculture
- Empower SMMES through equitable distribution of resources and opportunities.

The proposed development is aligned to the objectives of the DM for economic development and job creation because the proposed development will create several employment opportunities that will mitigate the issue of unemployment within the LM and it is likely to create opportunities for SMMES with the area of impact to generate income.

### 2.3.2 uMhlathuze Local Municipality Fifth Generation IDP 2022/2027

uMhlathuze Local Municipality aims to be:

*“An aspirant metropolitan Port City focused on investing in quality infrastructure and service delivery in partnership with Traditional Councils, Communities, and the Private Sector”*

<sup>3</sup> King Cetshwayo District Municipality Integrated Development Plan 2022/23-2026/27

In order to achieve the above-mentioned vision, the City of uMhlathuze has committed itself to the following:

- Job creation and inclusive economic growth through accelerated economic development and transformation;
- Enhancing industry-based skills development and strategic support to education priority programmes;
- Community based initiatives to improve quality of citizens health and well-being;
- Creating safer city through integrated and community based public safety;
- Planned and accelerated rural development interventions;
- Promotion and maintenance of spatial equity and transformation;
- Optimal management of natural resources and commitment to sustainable environmental management;
- Use of Information, Communication and Technology Systems (ICT) to improve productivity and efficiencies in line with Smart City principles; and
- Good governance, capable and developmental municipality

The alarming high rate of unemployment in South Africa requires effective economic interventions. Based on the above assessment of the uMhlathuze LM strategic objectives, job creation is one of the key objectives of the LM. Therefore, the proposed development is aligned to the objectives of the LM when it comes to job creation opportunities through accelerated economic growth. As the proposed Inkosi Phalane Shopping Centre will create both permanent and temporal employment opportunities during construction and operation phase of the project which will benefit the local community.

### 2.3.3 uMhlathuze LM Fifth Generation Spatial Development Framework 2022/2023 - 2026/2027

Richards Bay and Empangeni are significant economic centres of the district and primary nodes of uMhlathuze local municipality which draw people from people from neighbouring towns, rural settlements and from beyond the district. Esikhaleni node is classified as a secondary node of uMhlathuze Local Municipality. Although, the node still functions primarily as a dormitory town it has the potential to develop into a primary node if the local economy becomes more sustainable, specifically in respect of growth and employment opportunities. It is located approximately 10 km from Vulindlela/KwaDlangezwa and accessible via the N2. Esikhaleni is located approximately 15 km from Empangeni and 20 km from Richards Bay primary nodes.

The proposed development has an opportunity to transform Esikhaleni node to a primary node and potentially attract other investments in the area. The strategic location of the development on P535, a secondary corridor of uMhlathuze LM which links Esikhaleni and Vulindlela makes the proposed development ideal for the proposed development because of ease of access. The high accessibility of the area has a potential to provide services and economic opportunities to surrounding hinterland as far as Port Dunford and Mthunzini.

### 2.3.4 uMhlathuze LM Local Economic Development 2022/2023

The uMhlathuze LM IDP identifies local economic development as one of the key performance areas of the Municipality. Some of the key strategic interventions include promoting socio-economic development, alleviating poverty, and improving the quality of life within the municipal area of jurisdiction. The LED Strategy aims to develop a practical, implementable, and solutions-oriented roadmap to address economic development, transformation, and job creation for the uMhlathuze LM. Some of the main objectives of the plan are:

- To identify and package strategic economic sectors to be championed and supported by the uMhlathuze LM.
  - To identify and recommend business support interventions and initiatives.

- To prepare an implementation plan in terms of short-, medium- and long-term deliverables for the City.
- To identify and recommend investment attraction and incentive packages.

uMhlathuze LM has committed put continual efforts to upgrade service provision to secondary nodes and to maintain attractiveness of the nodes for more investment thereby ensuring the local economy is more sustainable. The proposed Inkosi Phalane Shopping Centre is aligned to the objectives of the LM to attract investment in secondary nodes, and this is a huge investment in the area. The commitment of the LM to upgrade service provision in these areas will allow the proposed development to operate without placing too much pressure on the existing services such as water and energy.

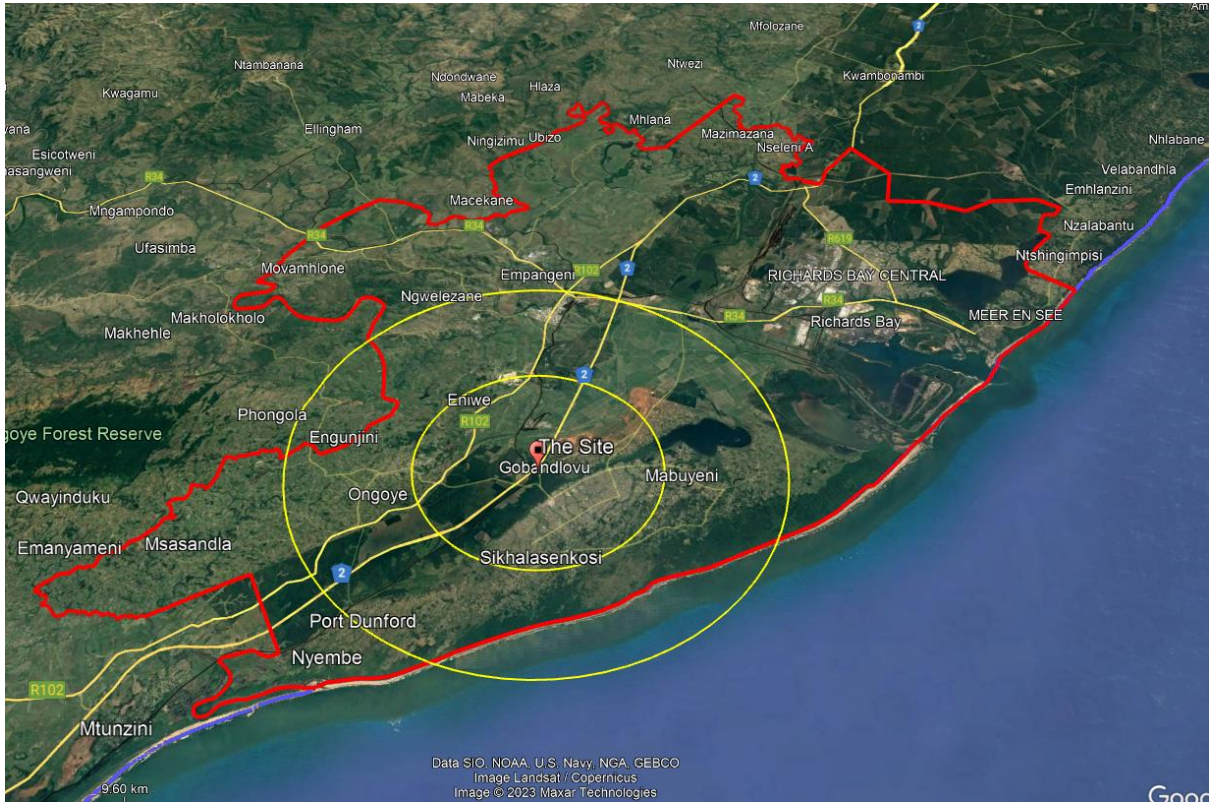
### 2.3.5 Synopsis

The proposed development is aligned to the strategic objectives of the national, provincial and local policies and plans. Job creation is one of the key objectives of these policies and the proposed Inkosi Phalane Shopping Centre will create numerous direct and indirect jobs that will benefit the community of Esikhaleni and KwaDlangezwa and the entire region through the economic spin offs from the operation of the proposed development. According to the uMhlathuze SDF the Esikhaleni node is a secondary node of the LM and through continuous investment in this this area it should evolve to being one of the primary nodes of uMhlathuze LM. Therefore, the proposed development site within the secondary node and secondary corridor linking Esikhawini and KwaDlangezwa presents opportunities to foster economic growth and potentially attract further investment to the area, which will position the node for development into a hub of economic activity and a growth point in the area.

### 3 The Area of Influence

The section provides a socio-economic profiling for the Area of influence (AOI). The following map provides a spatial overview of the location of the communities which are likely to be affected by the Inkosi Phalane Shopping Centre operations.

Figure 3: Area of Influence



source: Google Earth Maps, 2023

The AOI for the proposed development includes the following subplaces listed below:

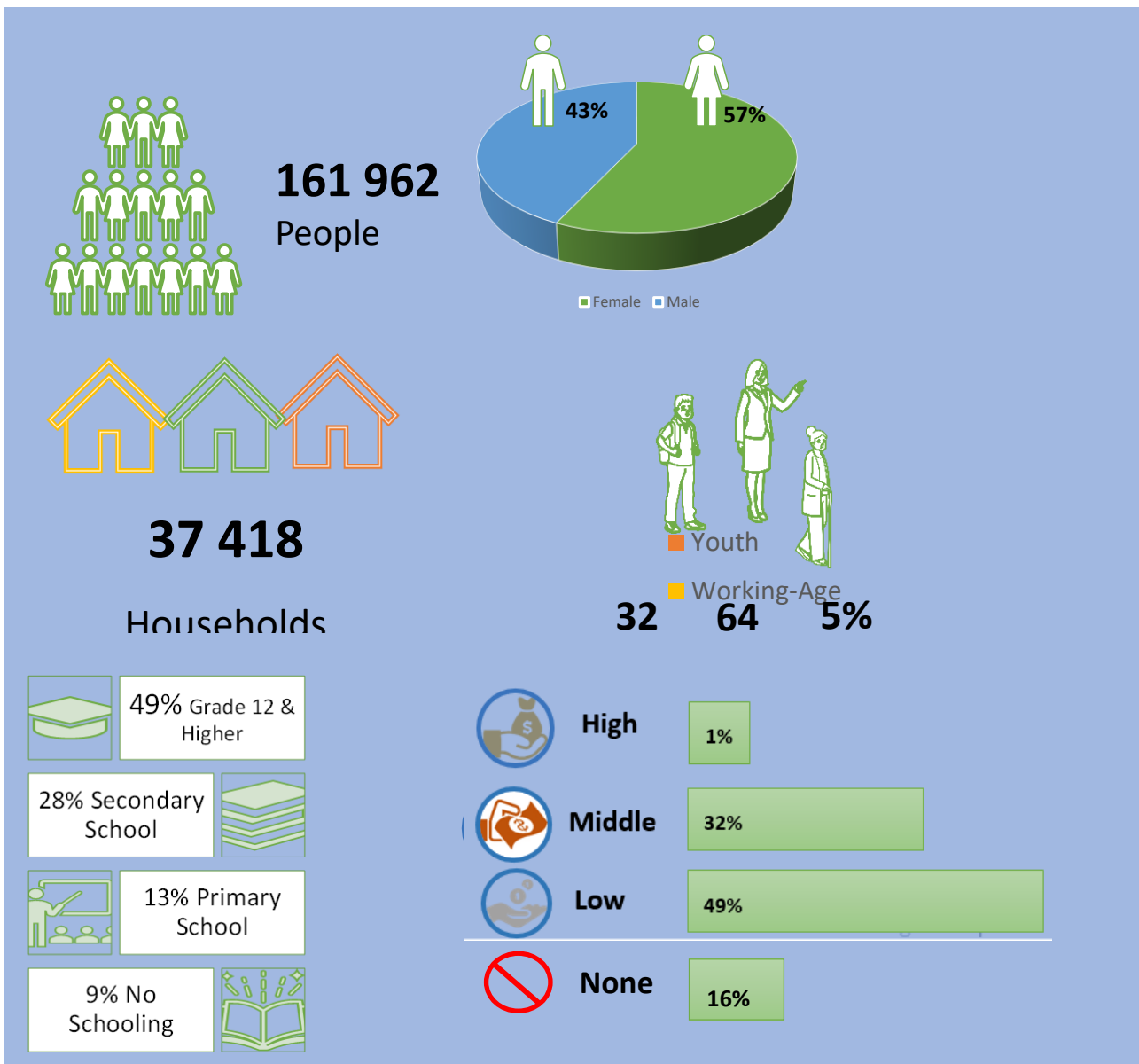
- Gobandlovu
- Ndleleni
- Madlanghala
- uzumgwenya
- Esikhawini H2
- Esikhawini J
- Ngwenhyeni
- Mkhubosa 1& 2
- Amadaka
- 
- Mabuyeni
- Dube
- Esikhawini F
- Sikhalassenkosi
- Ndindima
- Ncombo
- Gubhethuka
- Mahunu
- Port Dunford
- Nyembe
- Eniwe
- Kwashodlisa
- Mangeze
- Msasandla
- Ongoye
- Vulindlela
- Bhiliya

## 4 Baseline Socio Economic Profile

The population within the AOI of the proposed development forms an integral part of the development process as it affects aspects such as the demand for production output, the provision of labour, entrepreneurial skills and, ultimately, economic growth. An understanding of the population dynamics within the uMhlatuze LM, in which it lies, is essential for an accurate perspective of those likely to be affected by the development. This chapter will analyse the following indicators:

- Population and household size
- Age profile
- Household income and expenditure
- Education
- Poverty
- Social amenities

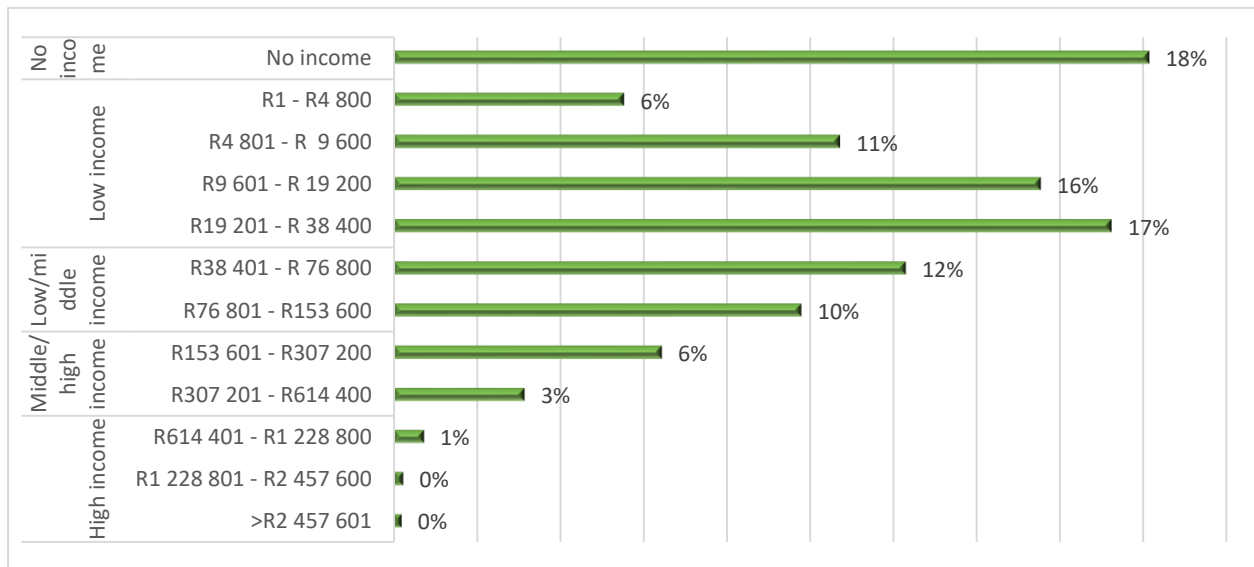
Figure 4: Summary of the socioeconomic dynamics of the market area



The AOI has a total population of 161 962 people and comprises 37 418 households, with an average household size of 4.2 persons per household. The female population accounts for 57% of the total population and the male population accounts for 43% of the population. About 32% of the population falls into the youth category (below 15 years of age), whilst almost three quarters of the population is of working age (15-64 years of age). The education profile indicates a high education level, with 49% of the population over the age of 20 having completed matric or studied further after matric. 29% of the population have completed secondary school, 13% have completed primary school and only 8% have no formal education.

Majority of households within the AOI fall within the low-income bracket. Low-income households earning between R1 and R38 400 annually, account for 49% of the total population as illustrated in the figure below. The weighted average income within the market area is R5 921.

Figure 5: Market area Household income



Source: Quantec regional standardised data; Urban-Econ modelling, 2023

The middle income the households are the second highest in the primary market area accounting for 31% of the total households. Within the middle-income category, majority of the households fall within the low/middle income bracket.

#### 4.1 Access to services and state of local built environment

The AOI is well serviced area with access to basic needs, the levels of access to shelter, water, electricity, sanitation, and other services are indicators that assist to determine the standard of living of the people within the area of Impact Infrastructure and the state of local infrastructure is another indicator to contemplate when considering living standards. The availability of social and economic infrastructure, including roads, educational facilities, and health facilities, further indicates the nature of the AOI, which is valuable in developing a complete profile of the circumstances in which communities are living. These measurements create a baseline against which the potential impacts of the proposed project can be assessed.

The following table provides the classification of infrastructure quality and different levels of service provision developed by Statistics South Africa following World Bank studies (Stats SA, 2017).



Table 4: Classification of infrastructure quality

None	No access to piped water.	No sanitation.	No facilities / dump anywhere	No access to electricity
Minimal	Communal standpipe > 200m.	Bucket toilets.	Communal / own refuse dump	Generator / solar
Basic	Communal standpipe < 200m	Pit toilet without ventilation pipe.	Communal container / collection point	Access to electricity don't pay for
Intermediate	Piped water in the yard.	VIP, Chemical, or ecological toilets.	Removed less than once per week	Connected to source and paid for
Full	Piped water in dwelling	Conventional waterborne	Removed once per week	In-house pre- and post-paid meters.

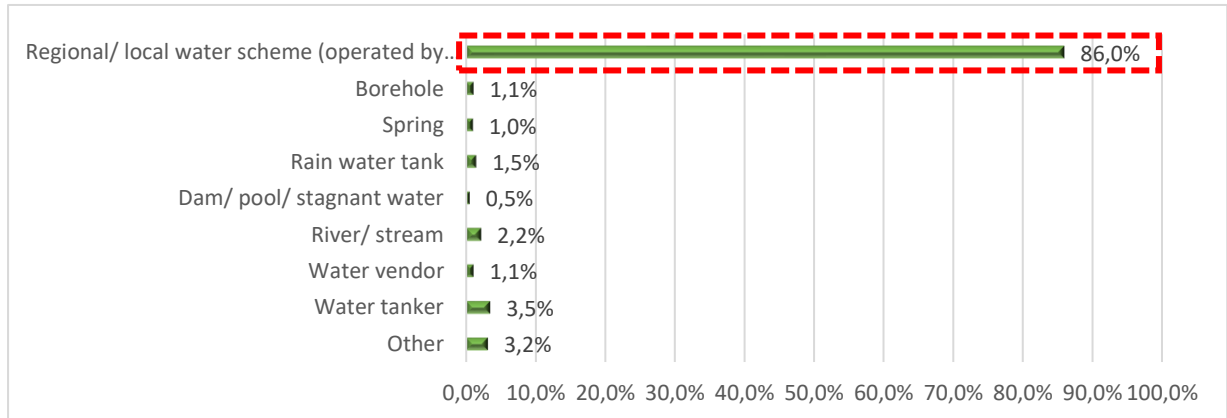
Source: Stats SA, 2017

Access to basic services is assessed at a household level. An overview of households within the AOI basic services is described in the following sub-sections. The following sub-section describes the proportion of households with access to piped water, electricity, sanitation and refuse removal in the market area.

#### 4.1.1 Access to Piped Water

Majority of the households (86.0%) within the AOI receive water from a regional / local water scheme (operated by the municipality or other water services provider), which is considered to be above basic level service provision. Such a profile correlates with that of the national, provincial and district level which all reflect high levels of access to water above the minimum service level.

Figure 6: Source of water

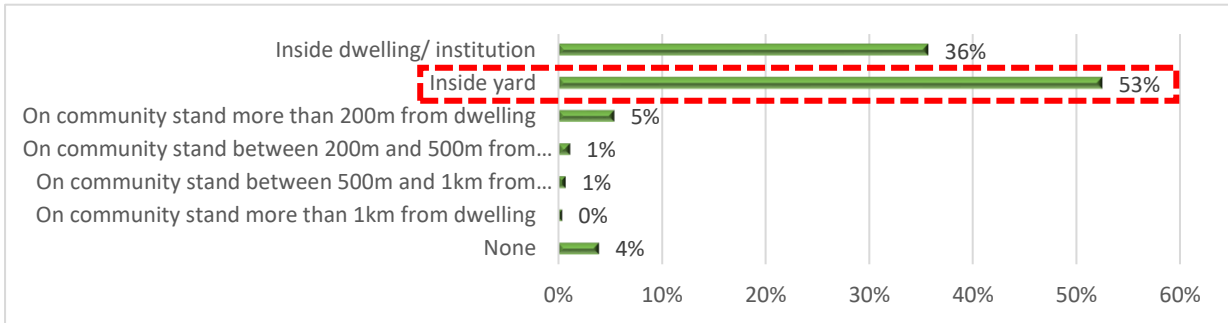


Source: RSA Standardised Regional (Quantec), 2023

From the 86.0% households receiving water from the municipality, only 36% of households have water inside the house. Majority (53%) have access to water inside yard, this clearly indicates the types of houses in the area and the standard of living of most households within the area. About 4% has no access to water at all which is concerning as water is a basic human right and clean water is essential to health.



Figure 7: Access to Piped Water



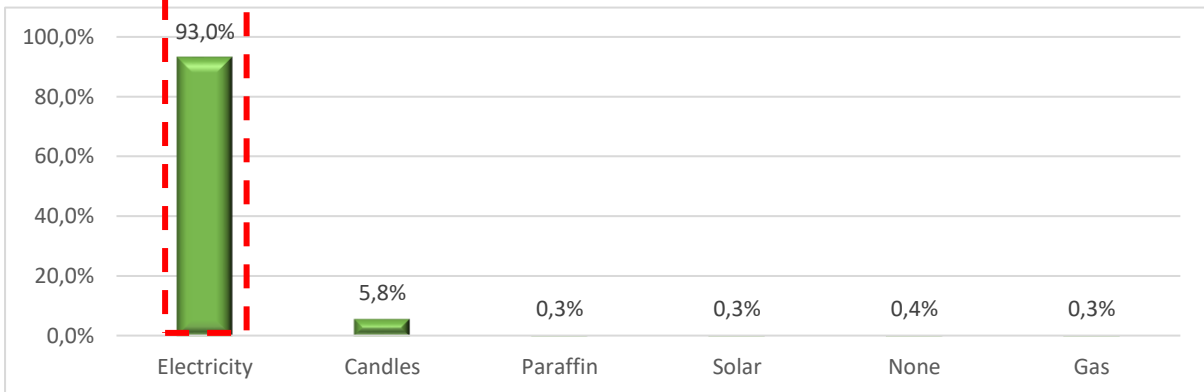
Source: RSA Standardised Regional (Quantec), 2023

About 7% of the population within fetch water from community stands from 200m (5%) and 500m to 1 km.

#### 4.1.2 Access to Electricity

Energy is required for cooking, heating, and lighting purposes. Individuals’ access to different energy sources for cooking, heating, and lighting purposes is significant; as the burning of fuel sources such as wood, coal, and / or animal dung over extensive periods of time could result in negative health impacts for household members. Health impacts would be most significantly experienced by those vulnerable members of society, such as young children, pregnant women, and the elderly.

Figure 8: Access to Electricity



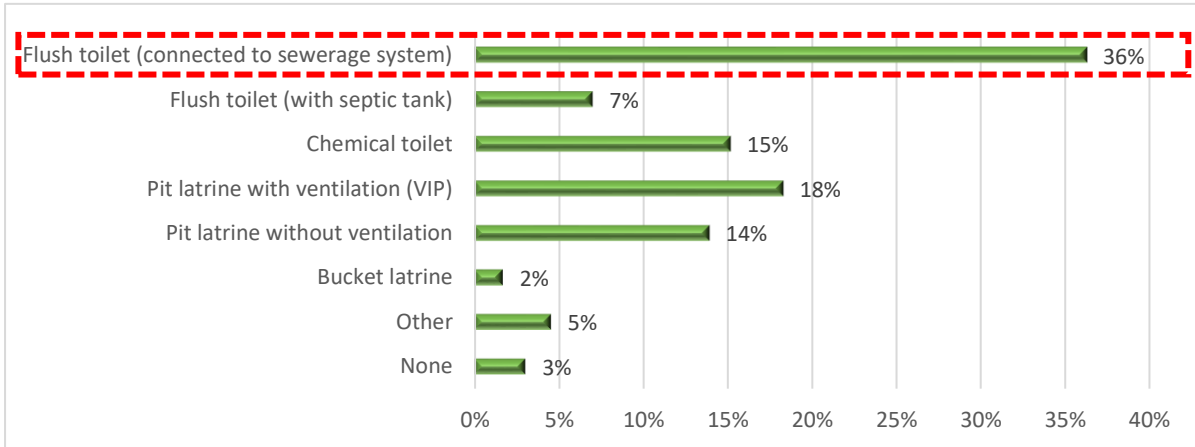
Source: RSA Standardised Regional (Quantec), 2023

About 96% of the population has access to electricity for lighting, heating, and cooking purposes respectively. The level of service provision within uMhlatuze LM and is considered to be good, with households in the LM reflecting slightly higher levels of service provision of electricity for lighting, heating, and cooking purposes than other local municipalities within King Cetshwayo District municipality.

#### 4.1.3 Access to Sanitation

Only 36% of the households within the AOI have access to a flush toilet connected to a sewerage system while 7% have access to a flush toilet connected to a septic tank, which is equivalent to full-service level provision. Approximately 15% of households make use of bucket latrines (equivalent to minimal service level provision), 18% of households have access to a pit latrine with ventilation (intermediate service level provision), and 14% of households have access to a pit latrine without ventilation (basic service level provision).

Figure 9: Access to Sanitation Facilities

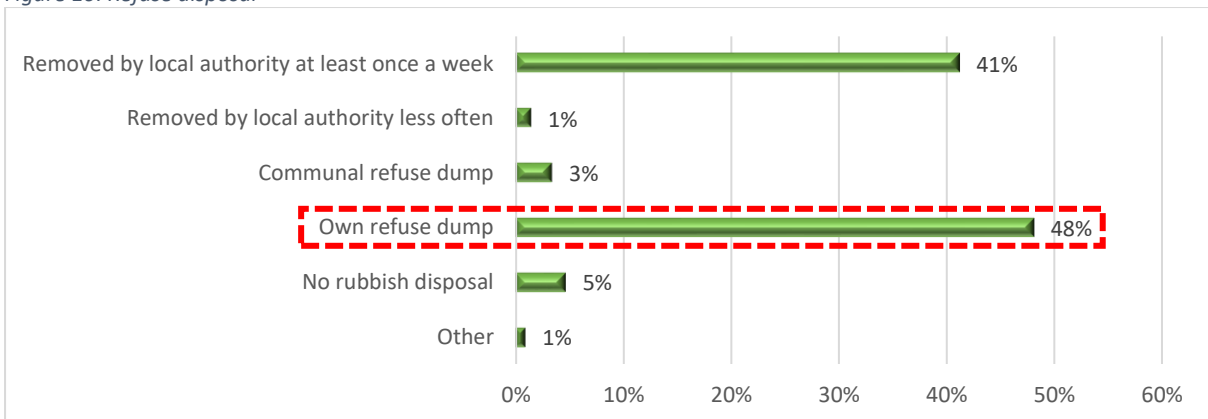


Source: RSA Standardised Regional (Quantec), 2023

#### 4.1.4 Access to Solid Waste Removal

The proportion of households with access to refuse removal facilities within the AOI at least once a week is 41% with majority of households (48%) utilizing their own refuse dump.

Figure 10: Refuse disposal



Source: RSA Standardised Regional (Quantec), 2023

#### 4.1.5 Synopsis

The demographic profile shows the state of affairs for the receiving environment. This will help in understanding and interpreting the impacts of the proposed development. For example, if the communities in the AOI are poor and unemployed then this mall will likely have a positive impact on the communities.

In this case, it is established that the AOI comprises of about 161 962 people and about 37 418 households. Majority of the population (65%) falls within the working age cohort. The assumption that this large group of people represents the economically active group that have the potential to support the stores and services provided by the proposed shopping centre. About 49% of the population has completed formal education up to matric level. This shows that the community is relatively literate and would have the required working knowledge and skills required for employability at the proposed development. The proposed development will create employment opportunities which will help mitigate the high unemployment rate (19%) within the AOI.

The area exhibits a proportion of households with access to water and electricity that is strongly aligned with those of the province and South Africa. However, access to sanitation and refuse removal presents a serious challenge within the area.

With regards to transport, the most common modes of transport include buses and taxis, private cars, and walking. Since residential areas are separated from places of work, people tend to travel relatively long, 20-30minutes distances to areas of employment. The proposed development will most likely lessen the travelling distance and associated costs for people to access retail services and employment opportunities. This will also help combat the issue of traffic congestion with uMhlathuze LM primary nodes, Richards Bay CBD and Empangeni CBD.

The state of service delivery in indicates possible service delivery challenges. This may have an effect on the proposed development as it will require additional services, which may place strain on the current infrastructure. The proposed development will place more pressure on the LM infrastructure for water and electricity services. Therefore, additional capacity will be required to accommodate development of this magnitude. If not well managed or planned for this will have a negative impact on the AOI. However, it is understood that uMhlathuze LM has devised strategies to increase capacity which will lessen the burden on infrastructure. The AOI stands to gain from upgraded infrastructure as a result of the proposed development which will improve the overall appeal of area.

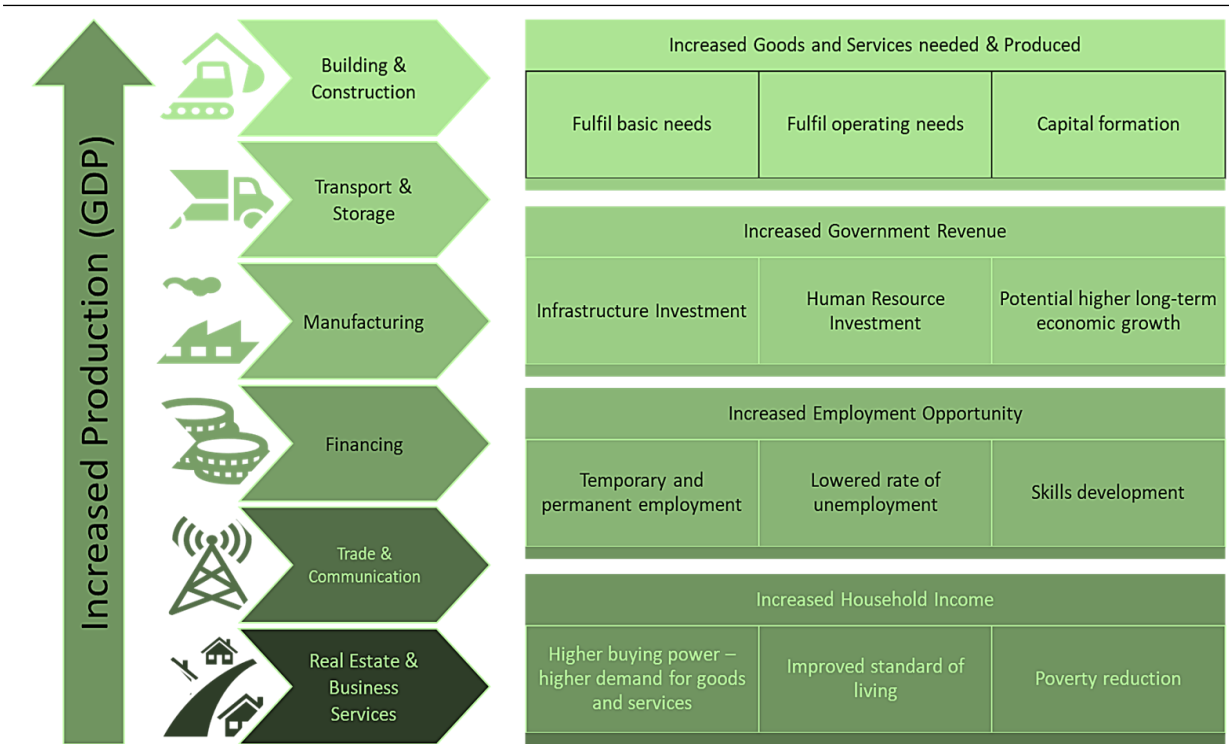
## 5 Baseline Economic Profile

It is crucial to understand the structure of the economy and the employment composition which provides valuable insight into the dependency of an area on specific sectors and its sensitivity to fluctuations of national and regional markets. Knowledge of the structure and the size of each sector is also important for the interpretation of the economic impact results, its structure, and trends of specific sectors thereof. Thus, this chapter will provide an analysis of the relationship between retail infrastructure investment and pertinent macroeconomic sectors as well as a regional economic profile of the Area of Impact.

### 5.1 Introduction

An intricate relationship exists between all macroeconomic sectors and various forms of infrastructure investment. However, retail infrastructure investment has a stronger relationship with particular macroeconomic sectors when compared to others. Figure 11 provides a graphical representation of the macroeconomic sectors most impacted by an increase in production generated by infrastructure development and retail activity.

Figure 11: Theoretical Impact between Increased Production and Macroeconomic Sectors



The six sectors depicted above, all contribute most to the increased demand for goods and services, increased government revenue, increased employment opportunity and increased household income. Each of which stimulates several positive socio-economic impacts including an improved standard of living, reduction of poverty, the potential for higher long-term economic growth and skills development. With this in mind, the next sub-section aims to provide a regional economic profile of the study area through assessing pertinent economic indicators as a means to determine the current macroeconomic environment within uMhlatuze LM.

### 5.2 Macro-Economic Analysis

This sub-section provides insight into the main economic and developmental indicators of uMhlatuze LM as well surrounding areas and the KZN province to be used for comparison purposes. The macro-economic profile provides an assessment of the overarching economic environment within which the proposed development will operate. The objective of the macro-economic analysis is to highlight significant economic trends that are likely

to influence the development potential and the future potential growth of the market. In brief, the macro-economic profile covers the following components:

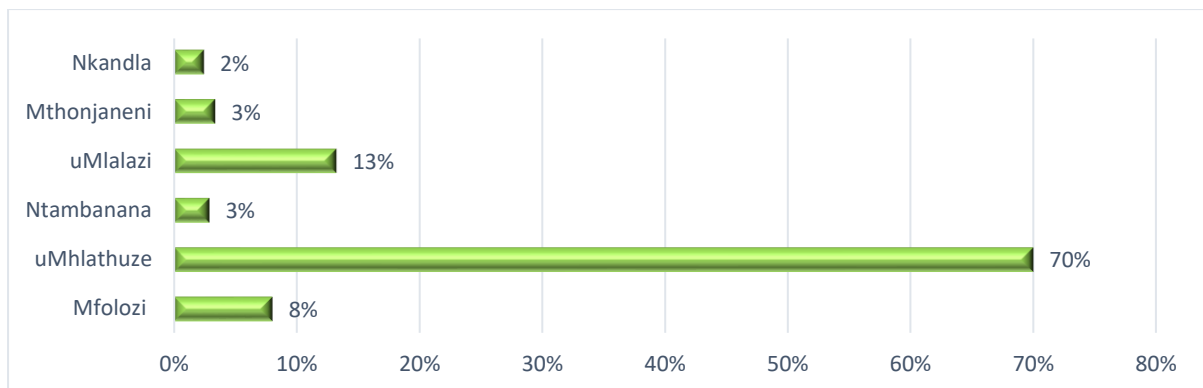
- Economic Performance
- Economic Sector Contribution

5.2.1 Economic Trends in GVA Terms

Gross Value Added (GVA) refers to the additional value of a good or service over the cost of inputs to produce it from the previous stage of production. It is therefore the incremental value created through labour or mechanical processing. It is a more telling measure of economic size than output as it avoids double counting during each round of production.

The uMhlatuze LM has a significant economic contribution in the King Cetshwayo district as well as in the province. uMhlatuze local economy is the largest economy in King Cetshwayo District contributing 70% to the district’s economy as shown below. The economy is growing at a Compound Annual Growth Rate of 4.7% thus showing a positive growth trajectory within the local municipality. This means that the development is being established in a growing economy with more potential for further growth in future.

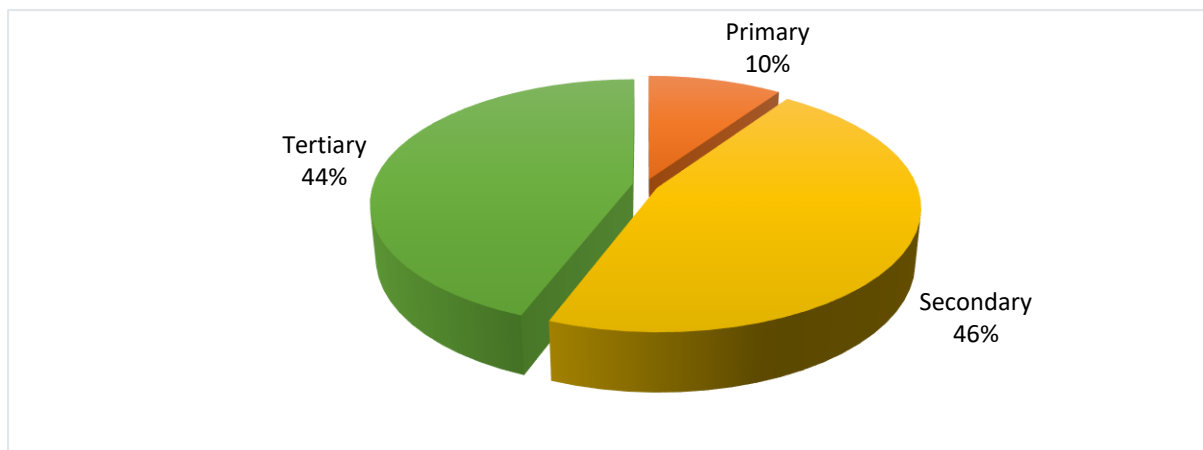
Figure 12: uMhlatuze economic contribution to the regional economy, 2021



Source: RSA Standardised Regional (Quantec), 2023

In GVA terms, the economic base in uMhlatuze is largely within the secondary and tertiary sector with 46% and 44% of the total economy respectively. The primary sector only accounts for 10% of the economy as shown in the figure below. The retail sector falls within the tertiary sector which means that the proposed development falls within one of the largest economic drivers of the municipality.

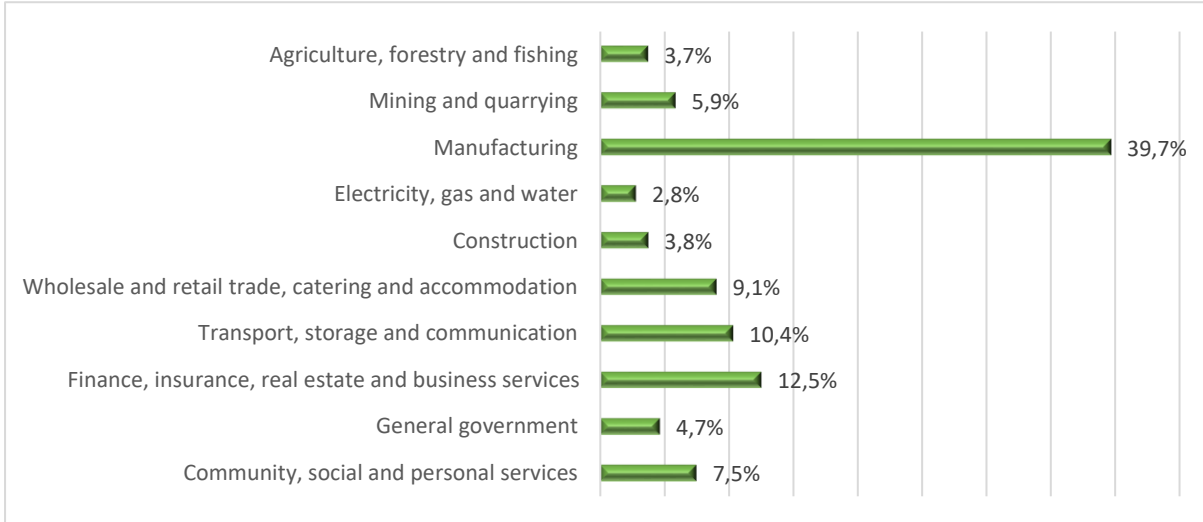
Figure 13: uMhlatuze GVA Contribution Per Sector



Source: RSA Standardised Regional (Quantec), 2023

Due to the influence of the Port of Richards Bay the manufacturing sector is the highest performing sector in the greater uMhlatuze area as shown in the graph below.

Figure 14: uMhlatuze GVA Per Sector Analysis

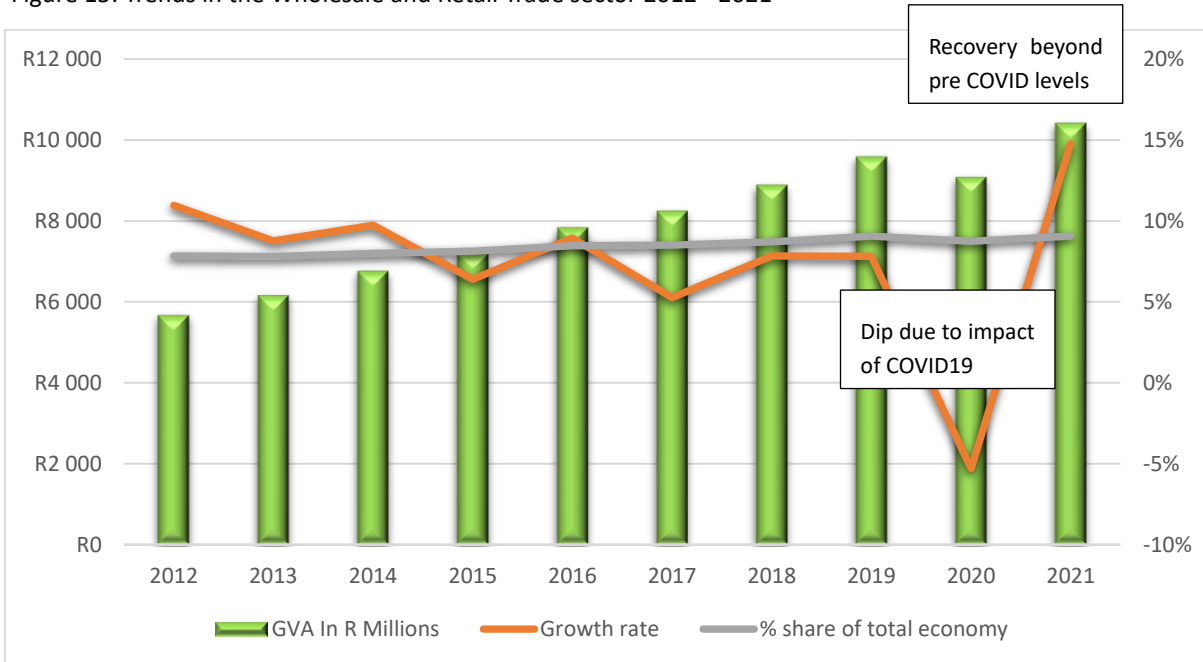


Source: RSA Standardised Regional (Quantec), 2023

The figure overleaf illustrates the wholesale and retail trade, catering and accommodation industry, contribution in uMhlatuze LM in GVA terms and the sector share and % growth trends during the 10-year period between 2012 and 2021.

The retail sector has been showing a steady rise in size and contribution to the total economy over the past 10 years and has maintained its per sector share of the total economy.

Figure 15: Trends in the Wholesale and Retail Trade sector 2012 - 2021



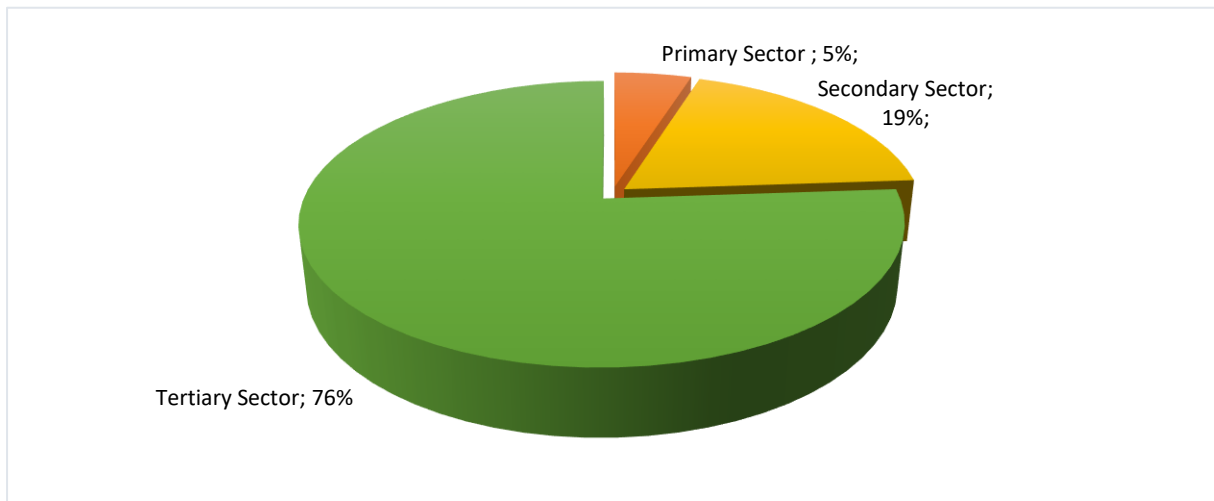
Source: RSA Standardised Regional (Quantec), 2023

The wholesale and retail industry, in the year 2021, contributed about 9.1 % to the uMhlatuze LM total GVA. Most industries were affected by the COVID-19 pandemic, as shown in the graph, in 2020, the sector had a -5% growth rate that year. However, post the pandemic on the back of the economic recovery efforts of government as well as the easing of the lockdown restrictions the sector managed to recover to pre COVID 19 levels.

### 5.2.2 Economic Trends in Employment Terms

Contrary to the GVA contribution per sector, where the secondary sector is the highest performing sector, in terms of employment it is the second largest employer of the municipality. The main or the largest employment sector in uMhlatuze is the tertiary sector which is the service sector within which the wholesale and retail sector is the leading employment in the industry. The primary sector is the least employing sector, employing about 5% of the population of uMhlatuze. This may be attributable to the largely automated or mechanised nature of the secondary sector whilst the tertiary sector is more labour intensive in nature. Additionally, the primary sector is also relatively smaller in the municipality. Therefore, the proposed shopping centre is anticipated to create significant number of employment opportunities that will greatly benefit the unemployed people within the receiving environment.

Figure 16: Structure of the uMhlatuze Economy in Employment terms



Source: RSA Standardised Regional (Quantec), 2023

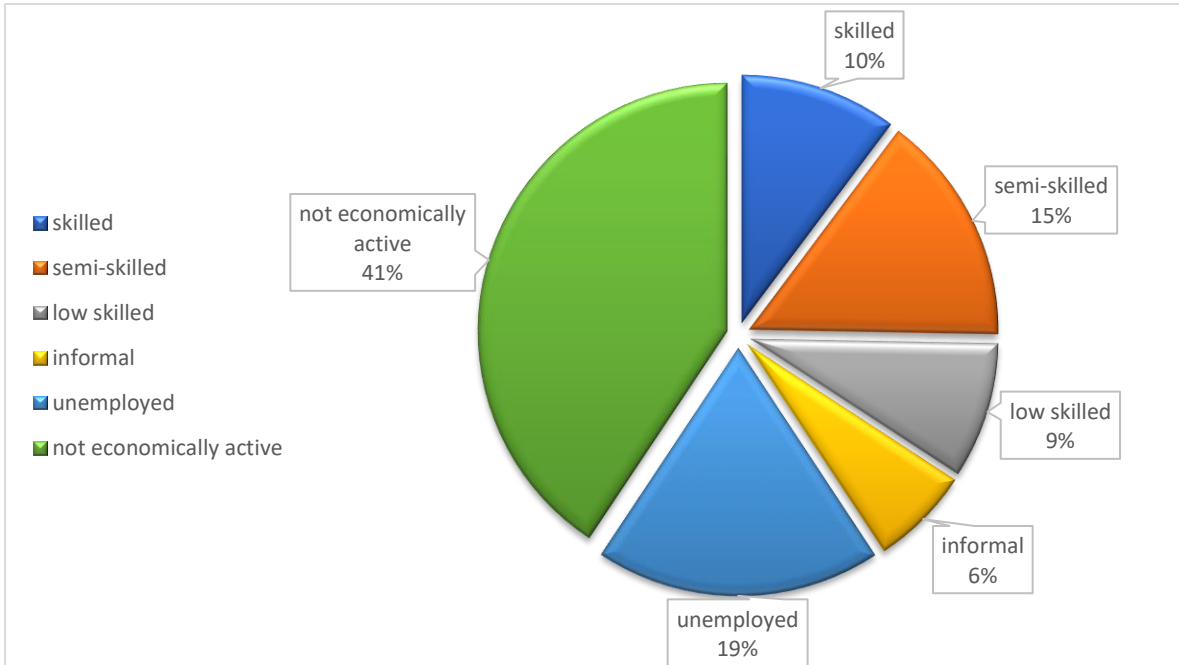
#### 5.2.2.1 Labour force and employment structure

Employment is one of the primary means by which working-age individuals may earn an income that will enable them to provide for their basic needs and improve their standard of living. As such, employment and unemployment rates are key indicators of socio-economic well-being. As of 2022, the working-age population (15-64 years of age) constituted 65% of the AOI population, which is almost three quarters of the population. This is possibly attributed by the presence of employment opportunities at the Port of Richards Bay, as well as several businesses/ industries which are located in the town.

The following **Error! Reference source not found.** further illustrates the labour force profile in the uMhlatuze area for 2021.



Figure 17: Labour Force Profile in uMhlatuze LM, 2021

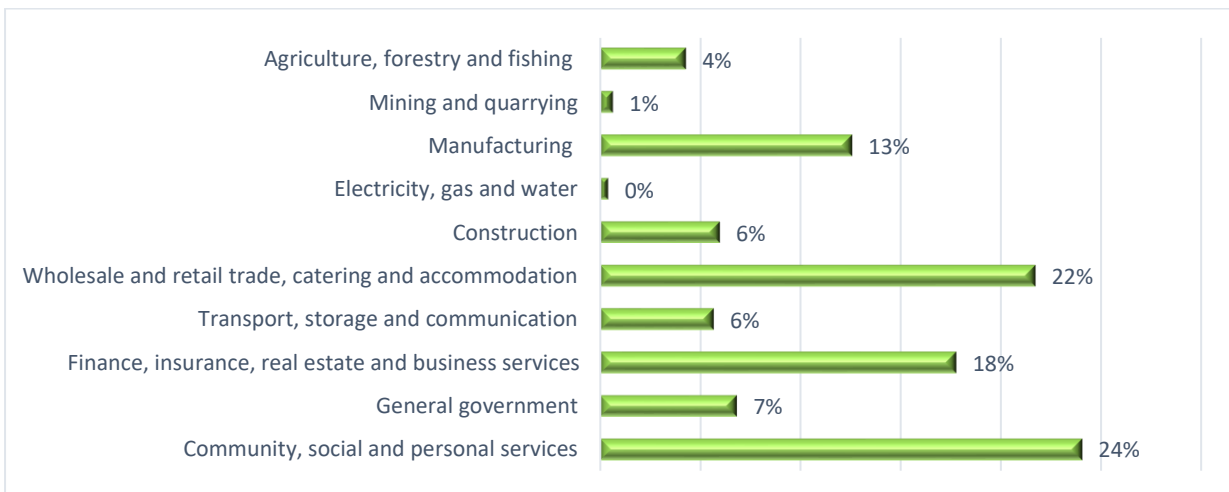


Source: RSA Standardised Regional (Quantec), 2023

Majority of the working age population is not economically active (41%) and 19% of the population is unemployed. The labour force profile further shows that most workers are employed as either semi-skilled workers or informal workers. Thus, the figure above shows that the labour force in uMhlatuze LM is relatively semi-skilled and lack employment opportunities, reiterating the need for increased investment and economic opportunities within the area. The following table indicates the employment distribution per sector within the study area for the years.

In terms of employment the leading employer industry in uMhlatuze LM is community and personal services which makes up 24% in the economy and closely followed by wholesale and retail service industry with 22%.

Figure 18: Employment per sector

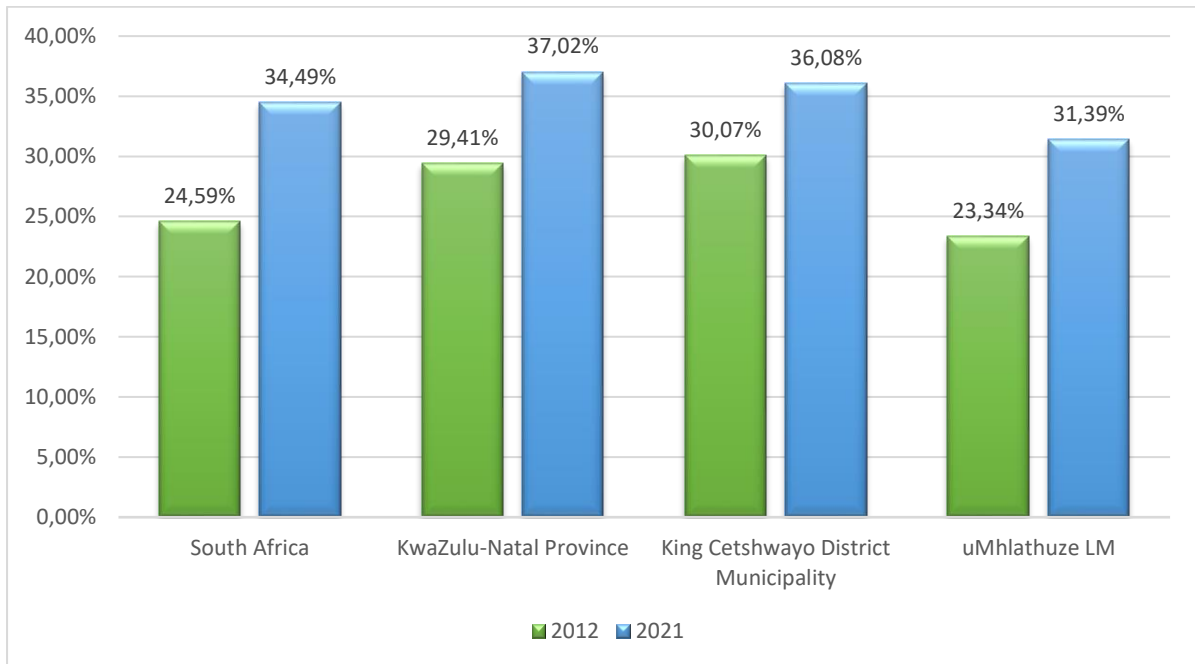


Source: RSA Standardised Regional (Quantec), 2023

5.2.2.2 Unemployment Rate

There has been a significant increase in the rate of unemployment over the years nationally, provincially, and locally. The following chart illustrates the change in the unemployment rates for the period 2012 to 2021. It is evident from the figure that South Africa’s total unemployment rate has been on an upward trend since 2012.

Figure 19: uMhlathuze LM Unemployment Rate 2012-2021



Source: RSA Standardised Regional (Quantec), 2023

The figure illustrates that the unemployment rate in the different areas had shown an increase of more than 6 percentage points over ten years. Currently, employment opportunities are not readily available for the residents within the study areas. Unemployment within the uMhlathuze LM area rose dramatically over the period 2012 to 2021 therefore more employment opportunities are much needed within the AOI to mitigate the high rate of unemployment. The employment opportunities that will be created by the shopping centre will help achieve that.

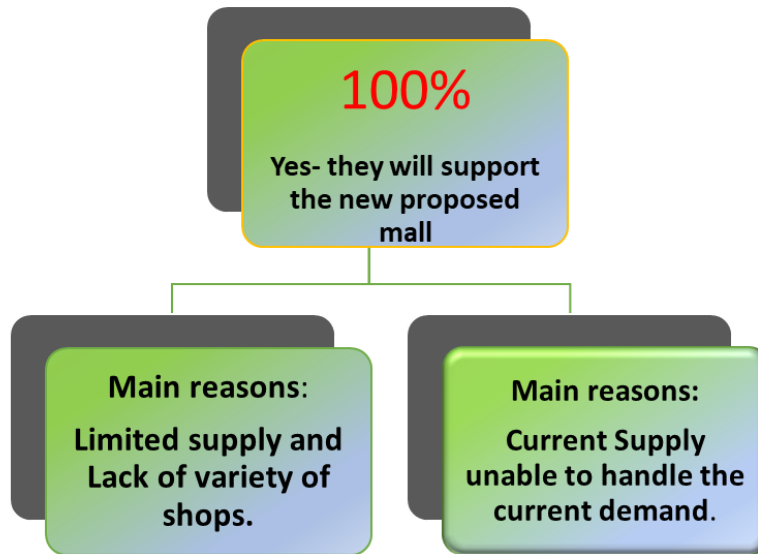
5.3 Synopsis

Both in GVA terms as well as by employment, the retail sector is an important sector within the uMhlathuze LM and has significant contributions to the local economy. The sector is on a positive trajectory and has recovered to pre pandemic levels. The sector is the second highest employer in the region thus is an important sector in terms of employment creation. The proposed development is thus set to contribute to an already growing sector and thus is in line with local economic development goals of job creation and spatial equity.

## 6 Primary Research- Perception over the proposed Shopping Centre

Primary research was undertaken within the AOI to determine the overall perception of the impacted communities about the proposed development of shopping inkosi Phalane Shopping Centre. In person (face-to-face) surveys were conducted over a 2-day period on the 23rd and 24th of January 2023. The surveys were administered in the major nodes within the market catchment area such as the Esikhawini taxi rank at the temporarily closed Esikhawini Mall, OK express at Total garages.

A question was posed to respondents as to whether they would support a new shopping centre development within the Esikhaleni area and participants responded as follows:



- All of the survey participants (100%) responded that they are in support of the proposed development, citing the current lack of shops and restaurants within the area as one of the main reasons, and the convenience this mall will bring to the community of Esikhawini, KwaDlangezwa and surrounding areas.
- Several respondents indicated that when Esikhawini Mall was operational it could not handle the influx of people who frequented the mall<sup>4</sup>.
- Complaints regarding traffic congestion and other related issues caused by the mall being too crowded were raised.
- The potential economic benefits that may be created by the proposed shopping centre and employment opportunities were cited as one of the main reasons the AOI need the proposed shopping centre.
- Some respondents raised that local community should be prioritised for employment opportunities and outsourcing labour will potentially create conflict between the community and the developers.
- Some respondents went as far as to suggest or propose the mall name, that the mall should be called Amaholoholo Mall. Which is telling of the sense of place and community the proposed development will bring to the market area with many viewing the proposed development as being a source of pride for the community.

<sup>4</sup> Primary research was conducted during the time when Esikhawini Mall was temporarily closed, to repair damages that the mall sustained during the 2021 July looting.

## 7 Socio-Economic Impact Assessment

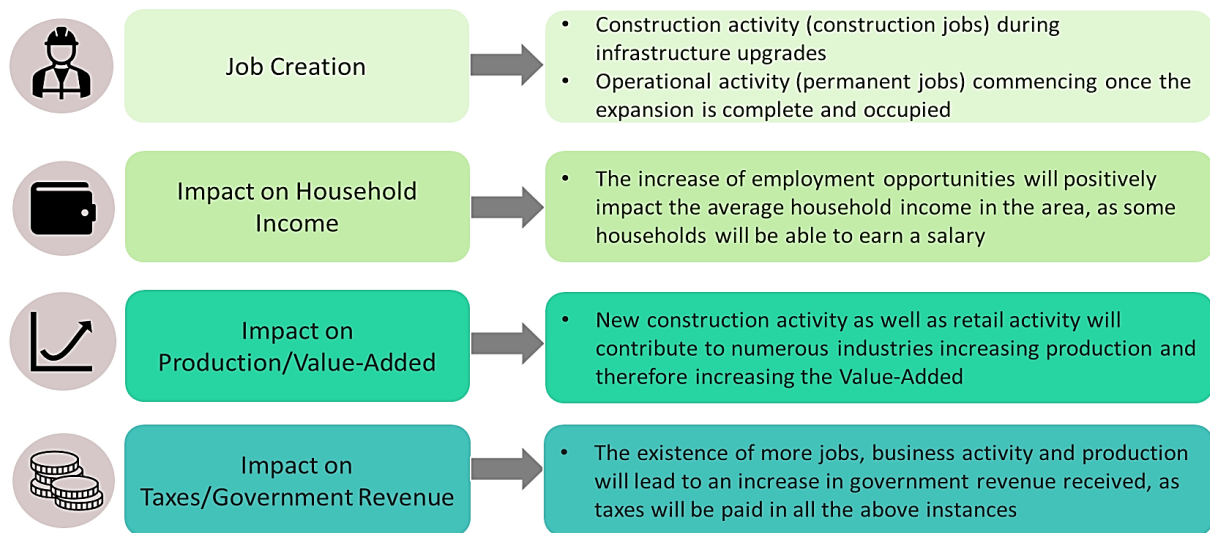
Any development is likely to have a socio-economic impact on the area in which it is developed. In this section of the report, the socio-economic impacts of the proposed development are identified and quantified according to the predefined criteria. The potential socio-economic impacts are assessed for the construction and operational phases of the proposed Inkosi Phalane Shopping Centre development.

The assessment considers both the economic and social impacts of the proposed development. There are overlaps between economic and socio-economic impacts and they are not mutually exclusive. The socio-economic impact assessment is largely an interpretation of the significance of the economic impact on local communities. Additionally, a Needs and Desirability Assessment will be conducted.

### 7.1 Impact Assessment Approach

#### 7.1.1 Economic Impact Assessment Approach

The economic assessment will assist with determining the potential economic benefits of the proposed project throughout the local and national economies using an economic model developed based on the Social Accounting Matrix (SAM). The modelling exercise will provide the potential direct and indirect impacts for the proposed project. The SAM model will provide the following outputs in the form of impacts on:



The outputs generated from the SAM model will then be assessed and discussed based on the extent of the impact generated through the CAPEX and OPEX of the development. A more detailed explanation on how economic impacts are measured, is attached as Annexure A in this report.

#### 7.1.2 Impact Rating Approach

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

Table 5: Impact Assessment Criteria

Aspect	Category	Description
<b>Nature of the Impact</b>	-	Assesses the effect a development would have on the affected AOI. This description should include what is to be affected and how.
<b>Magnitude (severity)</b>	Low	Natural and/ or social functions and/ or processes are somewhat altered
	Moderate	Natural and/ or social functions and/ or processes are moderately altered
	High	Natural and/ or social functions and/ or processes are notably altered
<b>Duration</b>	Short-term	Impact will last between 0 and 5 years
	Medium-term	Impact will last between 5 and 10 years
	Long-term	Impact will last between 10 and 20 years
	Permanent	Impact may be permanent, or in excess of 20 years
<b>Spatial scale (Extent)</b>	Site specific	Limited to site
	Local	Limited to the site and the immediate surrounding area
	Regional	Covers an area that includes an entire geographic region or extends beyond one region to another
	National	Across national boundaries and has national implications
<b>Probability</b>	Improbable/ Unlikely	Low likelihood of the impact occurring
	Probable	Distinct possibility the impact will occur;
	Highly Probable	It is most likely that the impact will occur
	Definite	Impact will occur regardless of any prevention measures
<b>Overall Significance</b>	No significance	The impacts do not influence the AOI in any way
	Low significance	The impacts will have a minor influence on the AOI. These impacts require some attention to modification of the project design where possible or alternative mitigation
	Moderate significance	The impacts will have a moderate influence on the AOI. The impact can be ameliorated by a modification in the project design or implementation of effective mitigation measures
	High significance	The impacts will have a major influence on the AOI.

Source: Department of Environmental Affairs and Department of Development Planning, 2005

## 7.2 Economic Impacts

The construction and operations of the Inkosi Phalane Shopping Centre is likely to impart several macro-economic impacts that can be quantified and then assessed against the baseline to determine their likely significance on the receiving environment.

### 7.2.1 Construction Impacts

The economic impact of the proposed development of Inkosi Phalane Shopping Centre is determined by a multiplier analysis which measures the direct and indirect impacts on the regional economy derived from the capital expenditure of the proposed development.

The anticipated total capital expenditure for the proposed development over a two-year construction period is R 1 641 229 695,00 excluding VAT. The results of the analysis are tabulated for each component of the development. The following macro benefits are anticipated.

Table 6: CAPEX Economic Impacts (R Millions)

Impact on:	Direct	Indirect	Induced	Total
<b>Production</b>	82 061	93 535	43 976	219 573
<b>GDP</b>	18 355	32 519	16 804	67 677
<b>Employment<sup>5</sup></b>	652	1 743	682	3 077
<b>Income</b>	10 693	14 539	6 729	31 961
<b>Taxes</b>	3 026	4 568	2 219	9 814

Source: Urban-Econ Modelling, 2023

The following can be highlighted about the overall macro-economic impacts that will occur as a result of the CAPEX outlay:

Impacts	Description of Impacts
<b>Production/New business sales</b>	<p>The impact of the CAPEX investment can be used to determine the economic value of additional business opportunities created upstream and downstream of the contractors who secure work in constructing the proposed development. The localisation of these opportunities will be dependent on the localisation of the supply chain for the construction of the proposed development.</p> <p>Through forward and backward linkages into the regional economy, the CAPEX is anticipated to support direct new business sales opportunities of R82 billion which is a significant boost for the regional economy.</p>
<b>Gross Domestic Product</b>	<p>The development’s positive socio-economic impact on the regional economy can be measured via its contribution to GVA, which is a proxy for Gross Domestic Product (GDP) at a scale smaller than a whole country. GVA provides a Rand value for the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production.</p> <p>The capital outlay on the development is expected to inject an additional R18 billion direct GDP into the regional economy. The eco spatial scale at which the GDP impact will be felt is, however, a function of the geographic location of the companies appointed as service providers to undertake the required construction and engineering services.</p>
<b>Income Contribution</b>	<p>Another positive socio-economic impact which is anticipated to result from the input CAPEX investment during the construction of the proposed development is the contribution to improving the income levels of households who benefit from the increased business sales stimulation.</p> <p>The stimulation of business activity is anticipated to generate improvements in income levels for those businesses and households that are able to benefit from supply contracts, both to undertake the construction, as well as to supply the required goods and specialist services. This direct impact in income levels is expected to be R10 billion. Again, the scale of the economic impact could extend beyond the regional economy as</p>

<sup>5</sup> These are Full time employment (FTE) jobs

<b>Impacts</b>	<b>Description of Impacts</b>
<b>Employment Creation</b>	<p>it is based on the geographic extent of the supply chain, which could reach all over South Africa.</p> <p>The nature and scale of the proposed development is likely to positively impact the socio-economic environment through the creation of employment opportunities.</p> <p>It should be noted that these opportunities will be created only for the duration of construction (approximately 2 years) and, therefore, should be considered temporary in nature. Also, it should be noted that the geographic spread of these employment opportunities will be a function of the location of the companies appointed as service providers to undertake the required construction work.</p> <p>The construction phase will create an estimated 652 direct FTE jobs. Direct jobs relate to the individuals employed by the construction companies, research specialists, and equipment suppliers commissioned to undertake the required work and supply the required services and equipment.</p> <p>A further 1 743 FTE jobs are expected to materialise through second round suppliers. This occurs when suppliers of new goods and services to the appointed contractors (first round suppliers) experience larger markets and potential to expand.</p> <p>It is expected that the increased income in these households employed directly or indirectly through the construction of the proposed development will result in additional expenditure in the economy which stimulates growth and spurs additional employment. It is estimated that a total 3 077 FTE jobs will be induced through the input CAPEX injection.</p> <p>While a project of this nature is anticipated to create employment opportunities in the local area and surrounding communities, the supply chains of the service providers and the skill levels of the community members will determine the localisation of these opportunities. A large share of the project team involved in the construction of such projects are often professionals such as engineers, construction/project managers, town and regional planners. The problem stems from the fact that many of these professionals are often outsourced.</p> <p>Given this, however, it is possible to ensure that local professionals/contractors/suppliers/labour force receive first preference in appointment for the construction phase. There is an opportunity for the project team to engage in skills development initiatives to upskill the local labour force to a point where they can participate in the construction phase. Furthermore, labour intensive construction methods (as determined by the Expanded Public Works Programme) should be adopted to ensure optimal job creation/labour absorption during construction.</p> <p>It must be noted that the employment impact during the construction phase of the projects will be far more evident (many direct jobs created) than that of the operational phase. This however does not mean that the skills transfer benefit is wasted. This may contribute to an increase in the skill levels of those tasked with maintaining or operating the infrastructure once the contract is completed. The local labour force will be able to apply their newly acquired skills elsewhere in the local economy (e.g., within other</p>



<b>Impacts</b>	<b>Description of Impacts</b>
	infrastructure projects in local and surrounding areas). Skills transfer and employment creation should not be temporary, but rather focus on stimulating a sustainable “trickle-down” effect within the local economy.
<b>Taxes</b>	The CAPEX injection is anticipated to generate a total of R9 billion in tax receipts, with R3 billion being a direct result of the CAPEX injection.

Source: Urban-Econ, 2023

### 7.2.2 Operational Impacts

Operational phase impacts are determined through modelling the stimulation of the economy through the estimated annual OPEX of the Inkosi Phalane Shopping Centre. The project’s macro-economic impacts based on the annual OPEX outflows are indicated in the table below.

Table 7: OPEX Economic Impacts (R Millions)

<b>Impact on:</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Production</b>	110	73	71	254
<b>GDP</b>	57	30	27	115
<b>Employment<sup>6</sup></b>	375	110	94	579
<b>Income</b>	28	12	11	51
<b>Taxes</b>	8	4	4	16

Source: Urban-Econ Modelling, 2023

The following can be highlighted about the overall macro-economic impacts as a result of the annual OPEX outflows presented in the table above:

<b>Impacts</b>	<b>Description of Impacts</b>
<b>Production/New business sales</b>	Over a one-year operational period, the proposed development is anticipated to support R110 million in direct new business sales. Since some of the goods and services required for effective management and functioning of the proposed development are likely to be secured locally, this portion of the enhanced business activity should be secured within the regional economy.
<b>Gross Domestic Product</b>	The operational phase of the proposed development is expected to inject an additional total of R57 million GDP into the regional economy. As with the construction phase impacts, the economic scale of the GDP impact is determined by the location of companies appointed as services providers for the effective functioning of each component of the development.
<b>Income Contribution</b>	Enhanced business activity will generate income level improvements for the businesses and households that provide the necessary goods and services for the effective functioning of the proposed development. The direct impact on their income levels is expected to be R28 million. This portion of the impact is anticipated to be felt by the regional economy.
<b>Employment Creation</b>	The operational nature and scale of Inkosi Phalane Shopping Centre will positively impact the socio-economic environment through creating employment opportunities, which

<sup>6</sup> These are Full time employment (FTE) jobs

<b>Impacts</b>	<b>Description of Impacts</b>
	<p>will be sustained over the operational phase. The proposed developed is expected to create a total of 579 FTE jobs, of which 375 of those are expected to be direct jobs. Direct jobs relate to the individuals working in shopping centre such as security personnel, cleaning staff, retail employees.</p> <p>A further 110 FTE jobs are expected to materialise through second round suppliers. This occurs when suppliers of new goods and services to the appointed companies (first round suppliers) experience larger markets and potential to expand.</p> <p>Lastly it is expected that the increased income in these households employed directly or indirectly through the operations of the proposed development will result in additional expenditure in the economy which stimulates growth and spurs additional employment. It is estimated that 94 FTE jobs will be induced through the OPEX of the proposed development.</p>
<b>Taxes</b>	<p>In addition to the above economic impacts, the operational phase of the project is also likely to generate tax benefits for the regional fiscus. It is s anticipated to contribute R16 billion in tax revenue for the fiscus, with 8 billion of this being directly from the operations of from Inkosi Phalane Shopping Centre.</p>
<b>Increased standard of living</b>	<p>The proposed shopping centre will create several employment opportunities for the communities which means employees will earn income. This will increase the standard of living of most households and improve the quality of life of the people in the AOI. The job and business opportunities created by the Inkosi Phalane Shopping Centre will allow people to have spending power or buying power that can support other businesses and developments in the municipality thus generating more income.</p>

Source: Urban-Econ, 2023

The above-mentioned effects can be determined for the establishment (construction) and operational phase of the project, with the establishment phase effects determined through undertaking the multiplier analysis utilising the CAPEX estimate (less any imported machinery equipment/ services), and the operational phase effects determined through utilisation of the OPEX estimate figures. Construction phase effects are typically temporary in nature, lasting the duration of the construction period, while the operational phase effects are sustained through the proposed development’s operational life cycle.

The following subsection assesses the economic impacts detailed above on the AOI.

7.2.3 Assessment of Economic Impacts

The overall economic impact of the Inkosi Phalane Shopping Centre on the AOI is understood to be as follows:

Table 8: Assessment of Economic Impacts

	Economic impacts	Magnitude (severity)	Duration	Spatial scale (extent)	Probability	Overall significance	+/-	Mitigation/Enhancement measures
Construction	Impact on Product/ New business sales	High	Short-term (0-5 years)	Regional	Highly probable	Medium	+	<ul style="list-style-type: none"> <li>It is highly recommended that local people are prioritized for employment opportunities during construction and operation phase. This will boost the local economy, &amp; income for households. Furthermore, it will limit the possibilities of conflict.</li> <li>Procure construction materials, goods, and products from local and domestic suppliers where possible.</li> </ul>
	Impact on Gross Domestic Product	Moderate	Short-term (0-5 years)	Regional	Highly probable	Medium	+	
	Impact on Income contribution	Low	Short-term (0-5 years)	Regional	Highly probable	Medium	+	
	Impact on Employment Creation	High	Short-term (0-5 years)	Regional	Highly probable	Medium	+	
	Impact on Taxes	Low	Short-term (0-5 years)	Regional	Highly probable	Medium	+	
Operations	Impact on Product/ New business sales	High	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Impact on Gross Domestic Product	Moderate	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Impact on Income contribution	Low	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Impact on Employment Creation	High	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Impact on Taxes	Low	Long-term (the operational life)	Regional	Highly probable	Medium	+	

Source: Urban-Econ, 2023

Based on the assessment of the economic impacts that Inkosi Phalane Shopping Centre will have on the receiving community during construction and operation, it is anticipated that the shopping centre development will have positive economic impacts in both construction and operation phase.

### 7.3 Social Impacts

This section provides an overview of the potential social impacts that have been identified, which may be associated with the development of Inkosi Phalane Shopping Centre and its associated infrastructure. Potential impacts have been identified based on the current understanding of the project and the socio-economic environment within which it is proposed. The impacts will occur during the construction of the shopping centre and during the operation phase. The following subsections provides a short overview of the potential impacts of the proposed shopping centre:

#### 7.3.1 Construction Impacts

The development of Inkosi Phalane Shopping Centre is likely to have the following social impacts on the receiving environment during construction phase:

Table 9: Potential social impacts during the construction of Inkosi Phalane Shopping Centre

Impacts	Description of Impacts
<b>Increased traffic congestion</b>	The construction phase will see a substantial influx of construction equipment, vehicles, personnel, materials, etc. This will place notable strain on existing road networks (causing traffic congestion i.e., on P535), reduced vehicular and pedestrian mobility (blockaded/compromised access points)
<b>Increased noise</b>	The surrounding communities will experience noise impact because of the distance between the proposed site development and settlements. The Esikhawini convenience centre is most likely to be affected more by the noise and dust during construction because it is located directly opposite the development site.
<b>Deforestation</b>	<p>The proposed development site is currently used for forestry purposes, therefore, felling of all timber trees within the development site will be required to clear the site for construction. This will have visual impact within the AOI and disturb the overall ecosystem.</p> <p>While a visual intrusion is not necessarily an environmental impact, construction related materials may affect the natural appearance of surrounding areas, which are generally undesirable visuals for people living in the area. Construction work can also impact on the landscape, through the removal of trees, vegetation, etc. There may also be conflicts with existing land uses and planned land uses.</p>
<b>Increased demand of services</b>	<p>The construction phase will see a substantial influx of construction personnel. This will place notable strain on existing basic municipal services (accommodating labour force places greater demand on water, electricity, and sanitation).</p> <p>uMhlathuze LM is currently facing challenges of aging municipal infrastructure and lack of water security. Which has led to several issues when it comes to service delivery with the communities and industries, the continuous deteriorating infrastructure affects efficient delivery of services to communities. The growing demand for water by industries and residents paired with limited water sources is a major challenge for the municipality. Lack of water supply is further aggravated by unprecedented drought affecting the municipality.</p>

**Impact on Public Health**

The most direct safety risk faced by the public (i.e., population/households near the construction as well as construction workers on site) is the potential physical harm caused by construction hazards, noise, and dust, among other associated variable

**Pollution**

Construction activity for such projects, including site preparation, involves transporting heavy materials, excavating, and operating with heavy equipment. All of these activities will have some sort of impact on the quality of natural resources such as air, soil, and water surrounding the construction area, which is typically in the form of pollution. The different types of pollution that may be expected are:

- Air/dust pollution – Dust generated, and construction material stored on-site during the construction could have short-term adverse impacts on the surrounding environment.
- Water pollution from accidental spillage – This can be a potential problem that may have significant negative implications for those making use of the potable water should the water be contaminated with sediment or chemicals. The number of on-site contaminating materials should be limited.
- Soil contamination and degradation – Contamination from fuels or oils leaking from machinery and degradation from excavation.
- Noise pollution – From transporting of supplies, use of machinery, etc. This should be limited to normal working hours to avoid inconveniencing the communities.

The construction activities will likely generate waste, including building materials, construction rubble, and sewage from ablution facilities. In addition to being hazardous to nature, such pollution will affect the general health of the surrounding communities. The development may also affect the biodiversity of the area by causing a loss of vegetation and wildlife and influencing species structure. These waste materials usually accompany most construction activities, and the associated negative pollution impact can be mitigated with proper planning to handle and dispose of such waste correctly.

**A temporal increase in the influx of people leading to increased localised crime risk**

Although temporary in nature, construction activities may attract migrant workers and job seekers. Some may not ultimately find work at the shopping centre and decide to stay in the area, which may result in increased crime. This however can be combatted through adopting local employment/training initiatives. This will reduce pressure on the local labour market, curbing localised crime. Additionally, more visible policing in collaboration with local law enforcement and community organisations may also reduce the severity of this impact.

Source: Urban-Econ, 2023

The above-mentioned impacts are expected to last for the duration of the construction phase of the Phalane shopping centre which is projected to span over a period of two years. The severity of these impacts can be reduced through the implementation of mitigation measures. The following section details the potential impacts that are likely to transpire during the operation phase of the shopping centre. Contrary to the construction impacts, during the construction phase, the operational impacts are more permanent impacts that will likely to be experienced for the entire existence of the proposed development.

7.3.2 Operation Impacts

The proposed development will potentially have the following impacts on the receiving environment when the shopping mall is operational:

Table 10: Potential social impacts during the operation of Inkosi Phalane Shopping Centre

Impacts	Description of impacts
<b>Improved visual appearance of the area</b>	The proposed shopping centre design and associated amenities such as the park will potentially improve the overall appearance of the area. The associated infrastructure upgrades such as roads and sidewalks will further enhance the appearance of the area.
<b>Great sense of place and pride</b>	<p>A sense of place is a distinctiveness of place embedded with the cultural transformations and traditions associated with the historic use and habitation of the area. Place attachment is the symbolic relationship formed by people attributing culturally shared emotional meanings to a particular piece of land. It is thus an affective bond between people and place. This personal orientation toward place assists in understanding a place, which informs environmental meaning.</p> <p>The shopping centre will potentially create a high sense of place to the because the mall is named after the chief of the Mkhwanazi community who are also the owners of the land where the mall will be developed. As The partnership established by the developers and the community will create a great sense of pride for the community which will benefit future generations creating a significant legacy for the community.</p>
<b>Potential future investment</b>	The shopping centre will potentially attract future investment and businesses to area which will create more employment opportunities for the receiving communities. This will potentially transform the Esikhaleni node from a secondary node to a future primary node of uMhlathuze LM.
<b>Emergence of Informal Settlements around construction site</b>	Increased migration to the area because of the economic opportunities the shopping centre may result in the emergence of informal settlements. Although, the probability of this happening is low, it should be noted and avoided where possible by local government and traditional authorities in the area.
<b>Increased traffic</b>	The shopping centre operation will potentially cause increased traffic on P535 and P106 due to the people and vehicles going in and out of the centre. If traffic planning is not properly done, it may impend on the safety of both motorists and pedestrians.
<b>Informal economy opportunities</b>	The foot traffic on the proposed shopping centre will create opportunities for the informal economy such as street vendors and car guards. The proposed taxi rank within the shopping centre will create several opportunities for the traders.
<b>Possible closure of businesses</b>	The shopping centre will attract significant number of customers because of the variety of retail services the mall will offer which could potentially take away customers of the existing shopping centres, namely, Esikhawini Convenience Centre and Esikhawini Mall which may affect their business turnover. Although, the probability of this is low because the existing centres are not competing at the same level as the proposed shopping centre. Furthermore, it was established during the consultations with community members within the AOI that the existing centres are struggling to efficiently service the high demand of retail services within the AOI.



<b>Impacts</b>	<b>Description of impacts</b>
<b>Reduced travel costs</b>	The proposed shopping centre will significantly reduce the travel distance and costs of the people residing within the AOI who previously had to travel to either Empangeni or Richards Bay central business district to access retail services. This development will bring services to the AOI and convenience.
<b>Improved quality of life</b>	The receiving community will also experience an improved quality of life because of the ease of access to retail services and other associated amenities that will bring convenience and entertainment something the community never had before.
<b>Increased property values</b>	The properties within the receiving environment especially in proximity to the proposed shopping centre will potentially increase in value because of accessibility of amenities and services such as retail.
<b>Increased crime</b>	The proposed development may attract criminals in the area targeting the patrons for pick pocketing, hijacking.
<b>Increased demand for new transportation route</b>	Although, the shopping centre is along a transport route on P535. The proposed shopping centre will potentially create a demand for new local taxi routes to emerge of transport going straight to Inkosi Phalane Shopping Centre. Communications with the Taxi Association will be required to see how this can effectively be implemented since the mall is also planning to have an inhouse taxi rank.
<b>Reduced traffic congestion on Mdlebe Tshona Rd and Mthombothi St intersection</b>	The development of a new retail facility within the AOI will combat the existing issue of traffic congestion on Mdlebe Tshona Rd and Mthombothi St & P535 intersection because of the new retail option provided by the Inkosi Phalane. The main cause of traffic in this road is Esikhawini Mall which is the only shopping centre servicing the AOI and beyond. The introduction of Inkosi Phalane will give people an option to choose where they wish to shop without being concentrated in one shopping centre.

Source: Urban-Econ, 2023

The following table provides an assessment of the impacts Identified in terms of the anticipated severity of the social impacts on the receiving community. the impacts with high positive or negative direction are flagged and when necessary, mitigation or enhancement measures are proposed.

7.3.3 Assessment of Social Impacts

Table 11: Assessment of social impacts

	Social impacts	Magnitude (severity)	Duration	Spatial scale (extent)	Probability	Overall significance	+/-	Mitigation/Enhancement measures
Construction	Increased traffic congestion	High	Short-term (0-5 years)	Local	Highly probable	Medium	-	Warning signs during construction should be visible to alert road users of the construction taking place.
	Increased noise	Moderate	Short-term (0-5 years)	Local	Highly probable	Medium	-	Construction activities should occur during working hours between 8am to 5pm and not after hours or in the evening, when people are at home to limit inconvenience.
	Deforestation	High	Immediate	Local	Definite/don't know	Medium	-	Environmentalists to investigate the severity of this impact on the receiving environment.
	Increased demand of services	Moderate	Short-term (0-5 years)	Local	Highly probable	Medium	-	The municipality is in the processes of addressing the water crisis by increasing capacity such that by the time the development is operational there will be enough capacity to supply development. However, sustainable alternative solutions to retain water and energy such as water tanks and solar energy are encouraged to lessen the burden on the municipality, and it will also assist the development during loadshedding which is a major crisis nationally.
	Impact on Public Health	Moderate	Short-term (0-5 years)	Local	Medium probability	Medium	-	Public health and safety of the AOI should take priority, any activity that may impend on the community's health should be avoided at all costs.
	Pollution	Moderate	Short-term (0-5 years)	Local	Medium probability	Medium	-	Proper planning to handle and dispose of such waste correctly
	A temporal increase in the influx of people leading to increased crime risk	Moderate	Short-term (0-5 years)	Local	Medium probability	Medium	-	Visible policing would be necessary to mitigate the issue of crime
Operations	Improved visual appearance of the area	High	Permanent	Local	Highly probable	Medium	+	No mitigation measure required
	Great sense of place and pride	High	Long-term (the operational life)	Local	Highly probable	Medium	+	No mitigation measure required

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Social impacts	Magnitude (severity)	Duration	Spatial scale (extent)	Probability	Overall significance	+/-	Mitigation/Enhancement measures
Potential future investment	High	Medium-term (5-15 years)	Regional	Highly probable	Medium	+	The mall will be the centre of a growth point for the area to develop into a primary node, the municipality should leverage this encouraging future investment in this area.
Emergence of informal settlements around construction site	Moderate	Medium-term (5-15 years)	Local	Medium probability	Medium	-	it should be noted and avoided where possible by local government and traditional authorities in the area.
Increased accidents and safety risk for pedestrians	Moderate	Long-term (the operational life)	Local	Medium probability	Medium	-	Traffic calming measures signals or traffic circles will need to be implemented as well as pedestrian paths or sidewalks for people walking to and from the shopping centre.
Possible closure of businesses	Low	Short-term (0-5 years)	Local	Medium probability	Low	+	Unlikely to occur due to different competitor markets
Reduced travel costs	High	Long-term (the operational life)	Local	Highly probable	Medium	+	No mitigation measure required
Improved quality of life	High	Permanent	Local	Highly probable	Medium	+	No mitigation measure required
Increased property values	High	Long-term (the operational life)	Local	Highly probable	Medium	+	No mitigation measure required
Increased demand for new transportation route	High	Permanent	Local	Highly probable	Medium	+	Communication with the taxi associations is crucial to ensure that the taxi route establishment is done in a peaceful manner that will not result dire taxi route wars.
Reduced traffic congestion on Mdlebe Tshona Rd and Mthombothi St intersection	Moderate	Long-term (the operational life)	Local	Highly probable	Medium	+	No mitigation measure required

Based on the assessment of the anticipated social impacts, the proposed shopping centre will have more positive social impacts than negatives. Majority of the negative impacts will be felt during the construction phase.

### 7.4 Summary Assessment of Impacts

The following table provides a summary of all economic and social anticipated impacts for the Inkosi Phalane Shopping Centre development impacts identified and rated.

Table 12: Summary table of identified Potential Impacts during construction and operation

	Socio-economic impacts	Magnitude (severity)	Duration	Spatial scale (extent)	Probability	Overall significance	+/-	Mitigation/Enhancement measures
<b>ECONOMIC IMPACTS</b>								
<b>CONSTRUCTION</b>	Impact on Product/ New business sales	High	Short-term (0-5 years)	Regional	Highly probable	Medium	+	<ul style="list-style-type: none"> <li>It is highly recommended that local people are prioritized for employment opportunities during construction and operation phase. This will boost the local economy, &amp; income for households. Furthermore, it will limit the possibilities of conflict.</li> <li>Procure construction materials, goods, and products from local and domestic suppliers where possible</li> </ul>
	Impact on Gross Domestic Product	Moderate	Short-term (0-5 years)	Regional	Highly probable	Medium	+	
	Impact on Income contribution	Low	Short-term (0-5 years)	Regional	Highly probable	Medium	+	
	Impact on Employment Creation	High	Short-term (0-5 years)	Regional	Highly probable	Medium	+	
	Impact on Taxes	Low	Short-term (0-5 years)	Regional	Highly probable	Medium	+	
<b>OPERATION</b>	Impact on Product/ New business sales	High	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Impact on Gross Domestic Product	Moderate	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Impact on Income contribution	Low	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Impact on Employment Creation	High	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Impact on Taxes	Low	Long-term (the operational life)	Regional	Highly probable	Medium	+	
	Informal economy opportunities	Moderate	Long-term (the operational life)	Local	Medium probability	Medium	+	
<b>SOCIAL IMPACTS</b>								
<b>CONSTRUCTION</b>	Increased traffic congestion	High	Short-term (0-5 years)	Local	Highly probable	Medium	-	Warning signs during construction should be visible to alert road users of the construction taking place.
	Increased noise	Moderate	Short-term (0-5 years)	Local	Highly probable	Medium	-	It is highly recommended that construction activities occur during working hours between 8am to 5pm and not after hours or in the evening, when people are at home to limit inconvenience. Any construction activities at that time will

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	Socio-economic impacts	Magnitude (severity)	Duration	Spatial scale (extent)	Probability	Overall significance	+/-	Mitigation/Enhancement measures
								be heard more because it is quieter and there are less activities on the road.
	Deforestation	High	Immediate	Local	Definite/ don't know	Medium	-	Environmentalists to investigate the severity of this impact on the receiving environment.
	Increased demand of services	Moderate	Short-term (0-5 years)	Local	Highly probable	Medium	-	The municipality is in the processes of addressing the water crisis by increasing capacity such that by the time the development is operational there will be enough capacity to supply development. However, sustainable alternative solutions to retain water and energy such as water tanks and solar energy are encouraged to lessen the burden on the municipality, and it will also assist the development during loadshedding which is a major crisis nationally
	Impact on Public Health	Moderate	Short-term (0-5 years)	Local	Medium probability	Medium	-	public health and safety of the AOI should take priority, any activity that may impend on the community's health should be avoided at all costs.
	Pollution	Moderate	Short-term (0-5 years)	Local	Medium probability	Medium	-	These waste materials usually accompany most construction activities, and the associated negative pollution impact can be mitigated with proper planning to handle and dispose of such waste correctly
	A temporal Increase in the influx of people increasing crime risk	Moderate	Short-term (0-5 years)	Local	Medium probability	Medium	-	Visible policing would be necessary to mitigate the issue of crime.
	OPERATION	Improved visual appearance of the area	High	Permanent	Local	Highly probable	Medium	+
Great sense of place and pride		High	Long-term (the operational life)	Local	Highly probable	Medium	+	No mitigation measure required
Potential future investment		High	Medium-term (5-15 years)	Regional	Highly probable	Medium	+	The mall will be the centre of a growth point for the area to develop into a primary node, the municipality should leverage this encouraging future investment in this area.
Emergence of informal settlements around construction site		Moderate	Medium-term (5-15 years)	Local	Medium probability	Medium	-	it should be noted and avoided where possible by local government and traditional authorities in the area.
Increased accidents and safety risk for pedestrians		Moderate	Long-term (the operational life)	Local	Medium probability	Medium	-	Traffic calming measures signals or traffic circles will need to be implemented as well as pedestrian paths or sidewalks for people walking to and from the shopping centre.
Possible closure of businesses		Low	Short-term (0-5 years)	Local	Medium probability	Low	+	No mitigation measure required

	Socio-economic impacts	Magnitude (severity)	Duration	Spatial scale (extent)	Probability	Overall significance	+/-	Mitigation/Enhancement measures
	Reduced travel costs	High	Long-term (the operational life)	Local	Highly probable	Medium	+	No mitigation measure required
	Improved quality of life	High	Permanent	Local	Highly probable	Medium	+	No mitigation measure required
	Increased property values	High	Long-term (the operational life)	Local	Highly probable	Medium	+	No mitigation measure required
	Increased demand for new transportation route	High	Permanent	Local	Highly probable	Medium	+	Communication with the taxi associations is crucial to ensure that the taxi route establishment is done in a peaceful manner that will not result dire taxi route wars.
	Reduced traffic congestion on Mdlebe Tshona Rd and Mthombothi St intersection	Moderate	Long-term (the operational life)	Local	Highly probable	Medium	+	No mitigation measure required

Source: Urban-Econ modelling, 2023

Based on the analysis conducted, Urban-Econ considers the proposed Inkosi Phalane Shopping Centre a viable development option. However, it will inevitably have both positive and negative impacts on the receiving community. Based on the assessment undertaken the project will have more positive impacts than negative impacts. The severity of negative impacts identified in the section above can be reduced if the mitigation measures are considered, thus reducing the severity of the impact on the receiving environment. The following section determines the needs and desirability of the project.

## 8 Need and Desirability: Socio-Economic Impact Assessment

The “need and desirability” is considered as part of an EIA process. The content of the IDPs, SDFs, and other relevant plans, frameworks and strategies are taken into account when considering the merits of proposed project’s application for approval. An important aspect of looking at the need and desirability process is the ecological, social and economic impacts that will result because of the alignment or deviation of the proposed development to the strategies and plans of government. As such, the EIA has to specifically provide information on these impacts in order to be able to consider the merits of the project application. The “need and desirability” is therefore determined by benchmarking the proposed project against the interest as reflected in the IDP, SDF for uMhlathuze and as determined by the EIA and SEIA.

The feasibility and socio-economic viability of the proposed project should be considered within the context of justifiable economic development, measured against the broader societal short-term and long-term needs. While the viability considerations of the private developer might indicate if a development is “do-able”, the “need and desirability” will be determined by considering the broader community’s needs and interests as reflected in an IDP, and SDF for the area, and as determined by the EIA.

While the importance of job creation and economic growth for South Africa cannot be denied, the Constitution calls for justifiable economic development. The specific needs of the broader community should therefore be considered together with the opportunity costs and distributional consequences in order to determine whether or not the development will result in the securing of ecological sustainable development and the promotion of justifiable social and economic development – in other words to ensure that the development will be socially, economically and environmentally sustainable. The table below provides the Need and Desirability Assessment of the proposed Inkosi Phalane Shopping Centre.

Table 13: Needs and Desirability Assessment

<b>Aspect</b>	<b>Comments</b>
<i>The socio-economic context of the area based on strategic documents.</i>	The strategic documents on a national, provincial, and local level focus on improving the lives of communities by expanding opportunities and employment have been identified as key aspects of change that can enhance social cohesion through reducing poverty and raising living standards. The proposed project aligns with national, provincial and local directives as it will contribute to improving employment, increasing living standards as well as reducing poverty within the surrounding communities.
<i>Spatial priorities and desired spatial patterns</i>	Esikhaleni area, where the development will be located, is a secondary node of uMhlathuze LM. According to the SDF the node should eventually have the potential to develop into a primary node if the local economy becomes more sustainable, specifically in respect of growth and employment opportunities. The proposed development is aligned to these objectives as it will create sustainable economic opportunities for the communities and the region and will potentially attract more investment into the area, thus, having a valuable contribution to spatial transformation in the area as well as spatial equity goals.
<i>Creation of residential and employment opportunities nearby or amongst the different communities.</i>	The proposed development is expected to create employment opportunities during construction (temporary in nature) and operation at all skill levels allowing the local communities to work closer to their homes in the short and long term. The proposed development is encouraged to prioritize local people for employment opportunities.



<b>Aspect</b>	<b>Comments</b>
<i>Complimenting other uses in the area</i>	The proposed shopping centre does compliment the uses in surrounding areas which include residential areas, commercial areas, and the introduction of the development will afford the community a sustainable life (Live, work and play in the area) and this development addresses the apartheid spatial planning the legacies by bring services and economic opportunities to the people.
<i>The location of job opportunities versus the location of impacts</i>	Positive socio-economic outcomes will be generated, some of which will be localised (such as the employment generation) and others such as new business sales and the GDP multiplier effects will be widespread over the region resulting in the distribution of benefits to other communities. Negative impacts will be primarily localized within the site and local communities during a short period.
<i>Socio-economic impacts of the development based on the socio-economic context</i>	The expected socio-economic impacts of the proposed development will be largely positive. It is likely to reduce high unemployment, low levels of economic activity, and low household income levels within the AOI. The shopping centre and its operations will stimulate the economy, resulting in gains in household income and tax revenue as well as the creation of temporary (during construction) and long-term sustainable employment. The shopping centre is also likely to create informal employment/economy opportunities and further attract more investment opportunities to the area this will have a greater effect on the AOI.

Source: Urban-Econ Modelling, 2023

## 8.1 Needs and Desirability Conclusion

The below table illustrates the summary findings of the Needs and Desirability analysis to establish if the proposed development can be considered desirable for the impacted region.

Table 14: Need and Desirability Summary

<b>No</b>	<b>Needs and Desirable Questions: SEIA</b>	<b>Assessment</b>	
		<b>Need</b>	<b>Desirable</b>
<b>1</b>	Is the development permitted in terms of the property’s existing land use rights?	N/A	N/A
<b>2</b>	Will the development be in line with the various planning and strategy documents?	Yes	Yes
<b>3</b>	Should development occur on the proposed site at this point in time?	Yes	Yes
<b>4</b>	Should development, or if applicable, expansion of the area concerned in terms of this land use (associated with the activity being applied for) occur on the proposed site at this point in time?	Yes	Yes
<b>5</b>	Does the community/area need the project and the associated land use concerned (is it a societal priority)?	Yes	Yes
<b>6</b>	Are the necessary services available together with adequate unallocated municipal capacity (at the time of application), or must additional capacity be created to cater for the project?	Partially	Yes
<b>7</b>	Is this project part of a national programme to address an issue of national concern or importance?	Partially	Yes

No	Needs and Desirable Questions: SEIA	Assessment	
		Need	Desirable
8	Do location factors favour this land use (associated with the development proposal and associated listed activity(ies) applied for) at this place?	Yes	Yes
9	Will the development proposal or the land use associated with the development proposal applied for, impact on sensitive natural and cultural areas (built and rural/natural environment)?	N/A	N/A
10	Will the development impact on people's health and well-being (e.g., in terms of noise, odours, visual character and 'sense of place', etc.)?	Yes	Yes
11	Will the proposed development or the land use associated with the proposed development applied for, result in unacceptable opportunity costs?	No	No
12	What will the cumulative impacts (positive and negative) of the proposed land use associated with the development proposal and associated listed activity(ies) applied for, be?	Detailed in the assessment	Detailed in the assessment
13	Is the development the best practicable environmental option for this land/site?	N/A	N/A

Source: *Urban-Econ Modelling, 2023*

## 8.2 Conclusion

The potential social impacts identified for the project have been identified based on an assessment of available information and the current understanding of the proposed project. Several potential positive and negative social impacts have been identified for the project, based on the findings of this SEIA Report, the positive impact of the proposed development outweighs the negative impacts that are likely to be generated by the development of Inkosi Phalane Shopping Centre. Thus, making the proposed project socio-economically justifiable.

## Annexure A: Economic Impact Assessment Approach: Measuring Economic Impacts

The establishment and operations phase are likely to impart several purely economic impacts that can be quantified and then assessed against the baseline to determine their likely significance on the receiving environment.

Economic impacts refer to the effects on the level of economic activity in a given area because of some form of external intervention in the economy. Quantification of economic impacts is undertaken through application of a Social Accounting Matrix (SAM) which models the relationships between economic sectors and labour. A SAM is a type of input-output (IO) model that utilises inputs in the form of capital and operational expenditure to determine the effects on a given economy.

IO models are a class of general equilibrium macroeconomic models that can be used to measure the 'ripple' (secondary and tertiary market) effects of an intervention on the local or regional economy. These models characterise the interdependence of sectors within the economy by generating data on multipliers and leakages. Multipliers show that the impact of a shock or financial injection in a particular sector, can be larger than the impact associated solely with that sector's output. Leakages indicate where economic impacts, such as project revenues, are accumulated in another region.

To quantify the effects of the most likely economic impacts of the proposed Inkosi Phalane Shopping Centre, three types of economic impact can be measured, viz. direct, indirect, and induced (multiplicative) impacts.

- **Direct impacts**

The **direct impacts** are the changes in the economy occurring as a direct result or consequence of public or private sector capital expenditure. This impact would be felt by first round contractors (first round suppliers) for the proposed Inkosi Phalane Shopping Centre.

- **Multiplicative impacts**

The multiplicative effects can be grouped into two distinct categories, indirect and induced.

The **indirect** economic effects occur when the suppliers of new goods and services to the proposed development contractors (first round suppliers) experience larger markets and potential to expand. Both the direct and indirect effects result in an increase in economic value, job creation, business turnover and income, and increases in tax income.

**Induced** economic spending results in the impacts on goods and services demanded due to increased expenditure by households from income earned due to the proposed development of the Inkosi Phalane Shopping Centre. Examples include the income of employees, as well as the income arising through the backward linkages of this spending in the economy.

- **Economic effects**

Four different impacts can be measured in this analysis, as described below.

- **Gross Value-Added (GVA) Multiplier Effect**, which provides a measure of the total, sectoral economic activity happening on an annual basis within a particular area. It reflects the market value in Rands of all final goods and services produced and sold within the economy.
- **New Business Sales Multiplier Effect (business output)**, which indicates the number of additional sales or transactions which occur directly because of the assessed factor. This includes new sales by businesses, new sales by linked businesses as a result, new sales by businesses linked to these, and all new business sales continually as a result.

- **Income<sup>7</sup> Multiplier Effect**, which tabulates the total income increase because of the capital expenditure on the businesses and households that receive either employment opportunities, or who benefit from the increased business sales stimulation. Direct income is the total income generated because of expenditure in the supplying businesses, and indirect income reflects secondary income generated by secondary expenditure of households and businesses having benefited from the proposed development's capital expenditure.
- **Employment Multiplier Effect**, which measures the number of job opportunities (full time equivalent opportunities<sup>8</sup>) created from the impacting factor. Where this is calculated through the IO Model, it is based on a typical average number of jobs created in each sector, because of every Rand spent in the applicable sectors. These could be casual, part time, temporary or permanent opportunities, although for Capital Expenditure (CAPEX), the jobs created tend to represent short-term employment opportunities only available during the construction phase, whereas for operational expenditure (OPEX), the jobs created tend to present more long-term employment opportunities as these reflect ongoing operations.

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<sup>7</sup> Aggregate personal income rises as pay levels rise and/or additional workers are hired. Either or both conditions can occur because of business revenue growth. If nearly all the affected workers live in the Study Area and sub-region, this is a reasonable measure of the personal income benefit of a project or programme.

<sup>8</sup> This means, for example, one full-time job for one person for 10 years or 10 full-time jobs for 10 people for one year.