



APPRAISAL CORPORATION

COMMENT ON THE REVISED SOCIO-ECONOMIC IMPACT ASSESSMENT REPORT ON THE PROPOSED CONSTRUCTION OF THE ALBANY WIND ENERGY FACILITY, MAKANA LOCAL MUNICIPALITY

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Our Reference: AC220283

Date: 28 August 2021



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ATTENTION: MR RICHARD SUMMERS

Summers Inc
126 Victoria Junction
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Your Ref. : Kwandwe / Albany
Our Ref. : AC220283 Comment
Date : 28 August 2021

Dear Sir

COMMENT ON THE REVISED SOCIO-ECONOMIC IMPACT ASSESSMENT REPORT ON THE PROPOSED CONSTRUCTION OF THE ALBANY WIND ENERGY FACILITY, MAKANA LOCAL MUNICIPALITY

1. Further to your instruction of 25 August 2021, please find herewith my report. My instruction is to supply comment on the above report, to be referred to as the “**SIA**”, compiled by Ms Marchelle Terblanche of Index, dated March 2021. I will also make special reference to the effect of the proposed Albany Wind Energy Facility (“**Albany WEF**”) on the Kwandwe Private Game Reserve (“**Kwandwe**”).

2. This comment will take the form of a discussion on the SIA, with emphasis on the efficacy of the study in identifying, evaluating and assessing socio-economic impacts and the suitability of the data / evidence tabled for the purposes of decision-making under the National Environmental Management Act (“**NEMA**”) in connection with such impacts. I will aim to broadly follow the sequence of the SIA report, but where required, will deviate from this to elucidate my comments, by referring to other information contained in the SIA. The main aim of this comment is threefold, i.e.
 - 2.1 to determine the likelihood of factors impacting on value;
 - 2.2 to determine the reliability of the assessment in determining factors that might impact on value;
and
 - 2.3 to determine if the project potentially give rise to significant socio-economic impacts, including impacts on the market value of surrounding properties / game reserves.



3. Please do not hesitate to contact me should you have any enquiries in the above respect. Thank you for the instruction.

Yours sincerely

A handwritten signature in black ink, appearing to read "J.L. Falck". The signature is stylized and cursive.

J.L. Falck

Professional Valuer

(FIVSA)

for Appraisal Corporation



GENERAL REPORT

1. GENERAL CONCERNS WITH THE SIA REPORT

- 1.1 One of the main concerns with the SIA is that it purports to be a Socio-Economic Impact Assessment Report (as indicated on the title page), but turns out to be a Social Impact Assessment, i.e the term used on each page and in the remainder of the report. The writer even refers to herself as a Social Impact Assessment Practitioner. As such there is limited research into and discussion of the economic impacts of the proposed WEF. The primary purpose of the Environmental Impact Assessment (“EIA”) process under the National Environment Management Act (“NEMA”) is to quantify impacts during the assessment process and before a decision is taken by the competent authority. This includes the obligation to ensure that the socio-economic consequences of a project are taken into account by the competent authority, with reference to all relevant information pertaining to project impacts.
- 1.2 Section 2 of NEMA prescribes a set of principles by which all decisions by any organs of state which could have a significant impact on the environment have to be guided. This section provides that all development must be socially, environmentally and economically sustainable. NEMA defines sustainable development as the *“integration of social, economic and environmental factors into planning, implementation and decision making so as to ensure that development serves present and future generations”*. If any one of these components is missing, the process is flawed and this could result in a project being approved that is not sustainable, and which has a detrimental effect on society in general. It is therefore in my opinion of utmost importance that the economic side of this project is assessed thoroughly - and as this is not the case here, I believe this to be a serious shortcoming of the SIA.
- 1.3 Ms Terblanche states that economic outputs are not quantified as this fall outside the scope of her instruction. I cannot agree with this opinion, as the economic sustainability is one of the three pillars of sustainability. In some way she also contradicts herself, as she quantifies the effect on employment, etc. It seems that her instruction is more likely not to quantify the negative economic effects of the WEF on the community, in so far as loss of income due to reduced tourism demand, etc. This will be discussed in more detail later in this comment



- 1.4 A second shortcoming of the report is that a site visit was not conducted. In my opinion it is vital that a site visit be done to determine first hand what the receiving community comprises and how a project such as this will affect the area in which it is to be located. Google Imagery cannot suffice, especially when the affected parties include private game reserves aimed at the luxury market, and a rural community where word of mouth is still the main informer of news. Relying on academic studies cannot purport to be adequate if one has not seen the study area, or visited the surrounding community.
- 1.5 A more arbitrary issue, but which is nonetheless important, is the quality of the figures in the report. These maps are of no use, as they are blurred and of very poor quality. The reader will not have any benefit of the figures, with the effect that the real impact of the project is not conveyed in a visible manner. An example of this is to show the close proximity of the WEF to say Kwandwe, but as this is impossible to read on the map, the real impact is lost. I can only hope that this was not done on purpose in order to soften the potential consequences of the project on the neighbouring area.
- 1.6 Due to the fact that the study seems to emphasize the social fabric of the receiving community, there is much discussion on issues that do not relate directly to the project. Many pages are used for discussions on for instance health issues and the number of clinics found in the area, and this while the WEF will have no effect on this aspect - it is not going to build clinics and will not stop the prevalence of for instance HIV/aids. Please be assured that I am not implying these issues are not important, I am merely noting that the amount of discussion on these social topics should be balanced by a similar discussion of the economic consequences of the project. At least last mentioned should be more measurable, in Rands and cents.



2. THE SIA REPORT: EXECUTIVE SUMMARY

2.1 From the outset the writer indicates that the land uses in the broader study area is agriculture, but predominantly private game reserves and hunting farms that offer high-end luxury tourist accommodation. One would therefore expect that a thorough investigation be done on how this land use will be affected. Unfortunately, this is never done, indicating that the economic impacts *“as a result of the Albany WEF cannot be done with certainty due to confining factors and information”*¹. I would have expected that the impact on at least 25% of the study area² is well investigated, as it could have significant and possibly unintended results going forward. This lack of information is a serious oversight that in my opinion jeopardizes the objectivity of the report, and limits the reliance the competent authority can place on it.

2.2 Ms Terblanche summarises her findings under this part of her report as follows:

2.2.1 During the construction phase:

- (i) 7 Positive impacts, all being “Low to Moderate”
- (ii) 10 Negative impacts, all being “Low to Moderate”

It is therefore evident that the negative impacts exceed the positive consequences of the project. Granted, the negative impacts can be mitigated.

2.2.2 During the operational phase:

- (i) 4 Positive impacts, “Low” and 3 Positive impacts, “Moderate”
- (ii) 5 Negative impacts, “Low” and 5 Negative impacts, “Moderate”. These seemingly cannot be mitigated, as not such comment is found here

2.3 Despite the negative impacts exceeding the positive impacts, she concludes that *“no issues have been observed or identified that would stop the Project from being implemented, provided that the social and socio-economic related mitigation and management measures, as proposed in the SIA Report, be implemented and included in the EMP’r where required”*³. As the impacts that are Moderate Negative (including the impact on tourism, game and hunting industries, as well as job losses, devaluation of land and impact on business) were not economically quantified, they are indicated to be “uncertain”. This means that they carry less weight in her comparison of benefits and drawbacks. In my opinion this approach is fatally flawed, as an impact that was not investigated cannot simply be disregarded.

¹ Section 11.2.1, page 99

² Page viii of Executive Summary

³ Page xi of Executive Summary



- 2.4 Another example of creative reporting is found in the analysis of the visual impact that the reduced number of 43 turbines will have. In the body of the report, she states that the reduced number of turbines *“has addressed some of the visual impacts associated with this Project”*⁴. The footnote however elaborates, noting that the whole of Kwandwe, who incidentally employs a significant number of people and add a great deal to the economy of Makhanda, and the Buffalo Kloof Protected Environment will still have a moderate to high visual impact. This is most likely due to the turbines that are removed, being located between others, not clumped in a specific area⁵. Only the number of turbines is therefore reduced - the impact remains unchanged.
- 2.5 In my humble opinion Ms Terblanche focused on the positive effect that the WEF will have on a small group of people (most notably the owners of the property on which the development is proposed) and disregarded the more direct and measurable effect on tourism and job losses. I do not believe that the positive effect of the socio-economic development (*“SED”*) and economic development (*“ED”*) contributions and community projects can at this stage be quantified, as the margins to be spent on this, by her own admission, are as yet unknown⁶. Despite this, she does not believe this impact to be *“uncertain”*, instead indicating that *“SED and ED contributions (2.1% of revenue) ... will manifest (Moderate significance)”*⁷. This smacks of bias and casts doubt on the objectivity of the findings of the report, and its resultant use in an important EIA process.

3. THE LEGAL FRAMEWORK AND POLICY GUIDELINES

- 3.1 When discussing the Eastern Cape Provincial Development Plan 2030, she indicates that the use of wind energy will enhance the economy. It is however very important to note that the plan states that the province must focus on using their competitive advantage to unlock growth. The natural beauty and malaria free game farms here give the area a significant advantage, yet these are now the offerings that could well be obliterated by the development of the Albany WEF. Unfortunately, WEF's and nature orientated eco-tourism in practice tend to be mutually exclusive, its either one or the other. The inevitable result of a failing tourism industry is job losses.

⁴ Page x of Executive Summary

⁵ Figure 1, page 2 of Main Report

⁶ Section 2.2.4, page 12

⁷ Page xi of Executive Summary



3.2 This does not seem to feature in Ms Terblanche’s analysis, as she indicates that *“the predicted advantages of employment, equity and financial growth need to be measured against existing employment and economic contributions tourism and the private game and hunting industries currently make in the study area”*⁸. She does not refer to the possibility of job losses, with the WEF project both giving employment and resulting in increased unemployment. This issue will be discussed in further detail later in this comment.

4. METHODOLOGY APPLIED IN THE SIA

4.1 In the header of this chapter reference is once again made to a “Social Impact Assessment”, not a Socio-Economic Impact Assessment. This is one of the major shortfalls of the report, as the very important economic consequences of the WEF are not fully investigated. This component of sustainability is therefore not part of the study and would result in the report not meeting the necessary standards required for objective, unbiased and informed decision making.

4.2 As noted, *“the aim is for the developer or proponent to realise and optimise the project’s positive impacts and to implement mitigation measures that would minimize the possible negative impacts of the proposed development”*⁹ - but contrary to Ms Terblanche notion, it is not only the social impacts, but also the economic impacts that are important. Her opinion is evident when she states that *“SIA’s provide an appraisal of possible socio-economic consequences of a project on stakeholders within the study area and does not aim to quantify economic outputs”*. What precisely is meant by this statement is not clear, as some economic outputs (e.g. the number of jobs to be created by the WEF) are clearly quantified, whereas others (e.g. the number of jobs lost due to a reduction in tourism) are not addressed at all.

4.3 I agree - it would be impossible to quantify exact monetary amounts. It is however important that the impact on the economy, both negative and positive, be evaluated. This cannot be done by analysing the likely impact on a specific group’s *“way of life, character and social cohesion”*¹⁰. Unfortunately, first mentioned is not what she sets out to do, as most of the report focusses on the social fabric of the receiving environment.

⁸ Section 3.3, page 16

⁹ Section 4.1, page 19

¹⁰ Section 4.1, page 19



- 4.4 Ms Terblanche goes on to explain (in an example of a housing development) that the severity as perceived by the receiving environment could decrease over time, to the extent that it is accepted as the “norm”. There is however a very distinct difference between her example and the reality here. In this case, a private nature reserve such as Kwandwe will be affected to such a degree that it would have to cut jobs and maybe even close its doors. There is no possibility that this can be accepted as the norm, as time is not a commodity here. Once the wind farm is constructed, visitors will stop coming, and not return. There is thus no chance of them “accepting it as the norm over time”.
- 4.5 On page 21, section 4.2.3, the issues that emerged from the public participation process are listed. In my experience, the majority of comments received are generally negative / opposed to the proposed development. Usually at least a few positive comments are also received, in most cases from the community that stands to benefit from the project. In this case, not a single positive issue is listed. This begs the question - were no positive comments received? Can it be that the community is so disinterested in this project that nobody wants to highlight its positive outcomes? Or is it maybe due to the fact that similar projects in the wider area are deemed to have such limited impact that the community is not expecting any positive results?
- 4.6 Ms Terblanche states that the study area was defined as to only include “*this Project’s area of influence*”¹¹. Although she recognizes that “*the cumulative impacts are possible to manifest beyond the local and regional study areas*”, she prefers to not take this into account. Yet, by her own admission, the “cumulative impacts” issue is listed as one of the criteria, set by the EIA Regulations of 2014, that must be used as part of the significance rating¹². Taken the large number of other WEF projects proposed for the area (listed on page 35 of the report), there is an even larger responsibility on the practitioner to recognize cumulative effects on the area.

¹¹ Footnote 8, page 22

¹² Section 4.2.11, page 27



5. THE SIA DESCRIPTION OF THE STUDY AREA

- 5.1 The report states a number of interesting facts pertaining to Kwandwe (and other game reserves), most likely as it is directly affected by the proposed Albany Project. This is due to its location as close as 5km from the Project Area. Other reasons could include the fact that it employs some 282 permanent workers (which is more than what the Albany project will permanently employ - see discussion later), the “*high visual impact*” that is expected on this property specifically¹³, and its contribution to community development projects established by them. Another positive is the large value-added supply chain with local businesses, from food suppliers to building contractors. The effect of visitors to the wider community, en-route to the game reserves, is also acknowledged.
- 5.2 In my opinion, game reserves such as Kwandwe are fulfilling the exact vision of the Eastern Cape Vision 2030 policy document, i.e. optimally exploiting the competitive advantage offered by the area. With a project such as Albany, the tourism industry (despite its significant positive effect and very limited negative effects on the surrounding community) is downgraded, with the wind project seemingly getting preference. This Social Impact Study is not addressing the economic realities that a positive decision on Albany could have. This is not the ideal, as the EIA should ultimately recognize both the positive and negative impacts, even to such a degree where the “no go” option is the preferred result. This is in my opinion not the case with the SIA being discussed here.

6. THE ECONOMIC BACKGROUND

- 6.1 For this discussion I relied on the information in section 7.6.1 to make certain calculations with regard to the effect of WEF’s projects in general on employment. The figures stated are from page 45 of the report:
- 6.1.1 13 projects completed
- 6.1.2 Average lead time to complete 2.2 years
- 6.1.3 Employment for SA citizens 6,367 job years
- 6.1.4 One job year = full time employment for one person for one year

¹³ Footnote ii, page 10 of Executive Summary



- 6.2 If there are 13 projects, it would in effect mean that 490 job years were created per project (6,367 / 13). But that would be for the 2.2 years, which in effect means that only 223 persons would be employed for the full project period. To put this into perspective, this is about 79% of the permanent staff of Kwandwe¹⁴ or ±64% of the staff compliment of the game farms / nature reserves who took part in the survey¹⁵. The employment forecasts for the Albany project will be discussed later in the report.
- 6.3 One of the concerns that is not listed as an issue from the public participation process, is the influx of people from other areas, in search of work. This is especially applicable in light of the report noting that the area in which Albany is located has a 71% employment rate (the writer notes that this could perhaps be the result of employment opportunities available on farm, tourism and private game industries). In my experience as valuer, this is a real concern, as was evident in the extension of the dam wall in Clanwilliam. This resulted in the influx of especially workers from Lesotho, to a municipality where housing was already a concern, a spreading informal housing area and increased crime in residential areas close to this.
- 6.4 This potential impact is noted in the SIA report, section 10.3.1 page 71. It is unfortunate that no investigation was done to this, resulting in a “Low” significance attributed to it. The writer indicated that *“it is unknown whether Waainek Wind Farm (or other renewable energy projects in the region) resulted in an influx of jobseekers”*. Surely the practitioner could have investigated this very important social and economic impact, and in my opinion, this is a serious oversight in her study. This is due to the severe impact additional unemployment will have on the supply of housing and services in the local municipal areas, as well as the potential of conflict between local and *“outsiders”*, the term used in the SIA report.
- 6.5 As noted before, around 25% of the study area comprises either private nature reserves of game farms focused on tourism, and the significant effect this sector has on employment and the economy. It is therefore with dismay that I note that only one and a half pages are dedicated to the tourism industry, compared to say Independent Power Production projects (about three and a half pages). This is not only an indication of the writer’s opinion of the significance of each sector, but what is of more concern, is the level of investigation that was done into each sector. In my opinion the relevance of tourism and game farming is underplayed in the report, especially as the *“economic benefits”* of these sectors were not quantified beyond stating statistics from previous studies.

¹⁴ Section 5.3 page 33

¹⁵ Section 11.1.3 page 97



7. SOCIAL STATUS AND HOUSING, INFRASTRUCTURE AND SERVICES

Although Chapters 8 and 9 of the SIA contains interesting statistics on education, health and crime amongst others, this is of limited consequence in this study. As will be seen later in the report, the Albany project will employ a small number of skilled and unskilled workers (last mentioned being where the main problem is found) from the area - the bulk of the impact being only in the construction phase. How the SED and ED contributions will improve the situation is also impossible to determine with certainty, as the percentages for this specific project has not been determined. Poverty and its consequences will in all likelihood only be alleviated with education, with limited scope for improvement from this project. The large amount of information on these topics is therefore in my opinion not relevant, as it is unlikely to change due to the Albany WEF.

8. SOCIO-ECONOMIC IMPACTS

8.1 One of the perceptions being created is that the main benefits of the Albany and other WEF projects lie in employment and the resultant upliftment of the community. This is however largely untrue, as I will point out below. One method of creating this perception is by using relatively unknown and complicated terms by which to quantify effects. If these “inflated” figures are however expressed in lay-man’s terms, it is clear that the actual impact is in fact much less. This was briefly highlighted under Paragraph 6.1 of this report, where the 13 projects that were completed in the Eastern Cape Province were discussed. These statistics are however of limited use, being an average for a large number of projects, of differing extents and scopes. It is therefore important to focus on the forecasts from the Albany project as a stand-alone operation and to gauge the real effect.

8.2 The figures used for the operation phase are obtained from Section 10.1, page 62. Where previously the term “job-years” was used, this is now changed to “person-months”. A 12 person-month means either one person who worked for 12 months, or 12 people who worked for one month¹⁶. For ease of comparison, I will use first mentioned description in my calculations.

¹⁶ Footnote 17, page 62



- 8.3 For the construction phase of the Albany WEF, some 613 person-months (skilled workers) and 900 person-months (unskilled) are forecasted to be required. Taken the construction phase of around 24 months, the following full-time jobs, for two years are foreseen:
- 8.3.1 25 skilled workers (613 / 12 / 2)
- 8.3.2 38 unskilled workers (900 / 12 / 2)
- 8.4 To once again put this into perspective, combined this is about 22% of the full-time / permanent staff of Kwandwe or $\pm 18\%$ of the staff compliment of the game farms / nature reserves who took part in the survey. One should also considered that this will only be for the two years during which construction will take place, whereafter these workers will once again be unemployed. This is a concern also highlighted in the SIA report¹⁷.
- 8.5 For the operational phase, the demand for skilled workers will be around 1,690 person-months and for unskilled workers, ± 240 person-months¹⁸. Using the same calculations as above, but now for an operational term of say 20 years, the number of skilled workers is reduced to 7 (1690 / 20 / 12), while only 1 unskilled worker (240 / 20 / 12) will be employed. This excludes temporary staff that will be employed periodically for civil works and site maintenance, site clearance, painting of buildings and small maintenance projects.
- 8.6 From the above it is abundantly clear that the long-term employment potential, as envisaged by the Albany project, will have absolutely no effect on the current unemployment figures of unskilled workers in the Makana Municipal Area. With this in mind, I believe that the large amount of positive information supplied in the report with regard to the creation of employment is misplaced and to a large degree irrelevant when it comes to this project specifically. I agree that it might be possible that other economic benefits might arise, but these are at this stage not quantifiable, as the contribution to SEB and ED has not yet been determined. This will be discussed later.

¹⁷ Section 10.3.1, page 71

¹⁸ Section 11.1.1 page 94



- 8.7 The social emphasis of the report is once again reflected with the discussion of employment equity, and the unemployment of the youth and female population, with limited inference to the economic realities of the Albany project. This is due to the very slim chance of the unemployed youth and females being employed in this project. The study however does not refer to this at all - in fact the writer states that a “Moderate” significance can be attained with mitigation. This opinion is in my opinion false, as females are generally not employed for construction. It is also not enforceable though the scorecard used by the Department of Mineral Resource and Energy to rank the projects for bidding, with *“no constructive guidelines / thresholds to address employment equity for women, youth and the disabled”*¹⁹. Should it happen that a female be employed in the only job opportunity in the operational phase (which in my opinion is also unlikely), it will have no effect on employment equity - and definitely not a Moderate effect. This type of misrepresentation makes a mockery of the report and reflects a severe lack of understanding of the employment figures quoted. The possible use of this report in the EIA decision is therefore a significant concern.
- 8.8 This type of reporting is also found in other portions of the report. The fact that the bulk of employment will be for only two years, and then for a maximum of 63 persons, is in my opinion not adequate to give this benefit a “Moderate” significance²⁰. What is more important is that it is rated as “uncertain”.
- 8.9 Above I have indicated that some 63 jobs will be created during the construction phase of about two years, with a long-term employment of seven skilled and one unskilled worker for the operational phase of about 20 years. If this is compared to the amount of people employed by game farms, game reserves and eco-tourism ventures in the area, it is evident that the possibility of unemployment losses exceed the gain in employment opportunities
- 8.10 The reason for this statement is quite straightforward, in that the development of the WEF will affect the properties closest to it, i.e. those where the practitioner indicates the visual impact will remain high, including Kwandwe²¹. I agree with the practitioner on this and it is also supported by the surveys done by Kwandwe and the interviews with other game lodge owners (both these aspects will be discussed later)

¹⁹ Section 10.1.2, page 64

²⁰ Section 10.2.2, page 69

²¹ Footnote 2, page x of Executive Summary



- 8.11 The most likely result is that especially overseas tourists will no longer be interested in visiting the property, resulting in a reduction in sales and a lower revenue. Economic principles dictate that this will put pressure on profit, with job losses most likely being a consequence. With a ratio of say five employees per guest typical for a high-end operation, the reduction in guest number could (and will most likely) result in staff members losing their jobs. Even if only two unskilled labourers lose their jobs due to the impact of the WEF, it will exceed the long-term gain in employment. This very important issue is unfortunately not featured at all - and this in turn raises question marks about the level of understanding of the economic realities of a project such as Albany. It also results in a low level of confidence in the findings of the SIA.
- 8.12 This opinion is supported by the fact that the practitioner seems to understand how significant the impact of tourism is on the area. The use of terms such as *"contribute meaningfully"* creates the impression that there is an understanding of the situation, especially if read with the statement in the same sentence: *"the possibility that the Project could result in job losses therefore has to be analysed and considered"*²². To however find that Ms Terblanche attributed an "uncertain" but "Moderate" effect on this aspect is highly regrettable - if not suspect.
- 8.13 Although she states under Section 11.1.3 that the Project's impact on tourism will be discussed under Section 11.2.1, this is sidestepped by inferring that it cannot be determined as *"no local data on the subject currently exists"*²³. Despite indicating that the impact will in all likelihood be higher than for the other WEF's, no statistics on these areas are supplied. Had research been done, it could have been used as a minimum benchmark for Kwandwe and the effect Albany will have on it. It however seems that the practitioner shies away from this, as it would involve an economic study - which is not part of the "social impact study" that she is tasked with. Instead, she relies on various international articles and publications, that do not give a clear conclusion and must, by her own admission, be *"used with caution"*²⁴
- 8.14 There is some hope when the results of interviews with game farm owners are mentioned, but this soon evaporates when the opinions of persons who are either not informed or find themselves on a property that is some 40km from a WEF are included in the submission. What makes this even more questionable is that these (irrelevant) opinions are listed amongst the other opinions, with the caveat of their limited use only printed in the footnotes. These opinions²⁵ should have been presented in an objective and unbiased way, with more balanced statements along the lines of:

²² Section 11.1.3, page 97

²³ Section 11.2.1, page 99

²⁴ Section 11.2.1, page 100

²⁵ Section 11.2.1 pages 101 and 102



<p><i>Some of the game farms are affected visually from various viewpoints on the farms</i></p>	<p>Game farms (and reserves) are visually affected from various viewpoints on the</p>
<p><i>Natural features (such as mountainous areas) assist to mitigate visual impacts to a certain extent</i></p>	<p>farm, unless natural features such as mountains or natural vegetation hide them.</p>
<p><i>Views from Kichaka Lodge (Labilela) look straight over a water hole and upslope into three turbines in the distance. The rich landscape scenery has partially ameliorated the visual impact during the day, but the turbine lights are a significant intrusion during the night and have drawn comment from visitors to the extent that the game farm will be implementing special lighting around the lodge and water holes to distract from the turbine light intrusion</i></p>	<p>Although vegetation may partially hide a turbine during day time, there is a significant intrusion during the night. This has resulted in negative comment from visitors, with the result that special lighting will be required to distract from the turbine light intrusion.</p>
<p><i>Labilela Gae Farm reported that they have had to change game drive routes to avoid turbine visual impact. Certain routes can now only be driven in direction away from Waainek and certain areas can only be traversed in daytime as night drives are spoiled by turbine light flicker</i></p>	<p>Game drives must be changed to avoid turbine visual impact, both during the day and at night.</p>
<p><i>Gameston Wildlife Retreat (Pumba) faces the Waainek turbines across the valley. As a result of complaints from visitors, a decision was made to remove the Gameston lodge from the Pumba Reserve offering and to remarket the facility to a different market</i></p>	<p>One reserve had to remove one lodge from its international offering, as it is visually affected by turbines. This lodge will now be marketed at a different, less profitable and less discerning market.</p>



- 8.15 The other comments were either corrected at a later stage, from a person who was new on the lodge and did not have the necessary experience to make such a statement, and a statement that had no bearing on the question asked. Their inclusion however creates the illusion that the effect can in some cases be minimal, which is simply untrue, or at best, an overreach by the practitioner.
- 8.16 In the next section Ms Terblanche states that, due to objections by Amakhala and Pumba Game Reserves to the Waainek WEF, the number of turbines were reduced from 28 to eight. She goes on to state that this *“have undoubtedly also ameliorated impacts on these tourist establishments”*²⁶. This opinion is firstly speculation only (it was not confirmed by the reserves in question) and secondly incorrect - only 13 lines above this she stated that Pumba had to remove one of their lodges from international marketing!
- 8.17 This disingenuous statement is most likely used to create the impression that the reduction in the number of turbines at Albany, from 67 to 43, could have a similar positive effect. This is however not the case, as noted earlier, as the turbines that were removed were located between other turbines - they are not clumped together in a certain area. The density is therefore reduced - the footprint is not affected. The lesser number of turbines will therefore have a limited effect on the impact on Kwandwe and other affected properties.
- 8.18 The practitioner was supplied with the results from a survey conducted by Kwandwe. The survey pertained to the likely impact a wind farm will have on visitors’ enjoyment and perceptions around the property. Upon reading these comments, I sensed a significant negative sentiment to the development of a wind farm close to Kwandwe. This same sentiment does not come across in Ms Terblanche’s summary, which reads as follows²⁷:
- “Although the majority of respondents stated that a wind farm would influence their destination of choice and would impact their decision to return to Kwandwe negatively, a number responded that it would either (1) not influence their decision, or (2) that their decision would depend on the scale of the wind farm development and its visibility”* (own underlining)
- 8.19 The true state of affairs is in fact:

²⁶ Section 11.2.1 page 102

²⁷ Section 11.2.1, page 103



- 8.19.1 Several clients simply answered yes to all three questions (number unknown) and these are not included in the 46 respondents discussed below. The actual number of responses is therefore far more than 46.
- 8.19.2 At least 46 motivated replies are listed. Of this, six respondents indicated that it will not influence their decision to return to Kwandwe, i.e. $\pm 13\%$. Incidentally this is fairly in line with the percentage local vs foreign visitors, of 15% and 85% respectively. To state this as a fact will however be speculation only.
- 8.19.3 Eight respondents indicated that the location of the wind farm and its visibility will determine their decision to return. This is about $\pm 17\%$. Taken the fact that the Albany WEF will have a high visual impact on Kwandwe makes me believe that many of these respondents could in fact decide not to return to Kwandwe.
- 8.20 In light of the above it is questionable how the practitioner could state that *“negative local economic impacts on tourism / game / hunting industries are possible, with a moderate severity, resulting in an overall MODERATE significance. Confidence in the rating is ‘uncertain’”*²⁸. As noted before, if any of the affected game farms lose more than one permanent job opportunity, it exceeds the direct long term employment opportunities created by the project. This dire situation is however not mentioned, so it cannot be taken into account by decision makers. This alone is an important reason why this report should not be part of the EIA process, as it does not bring the real economic impacts of the Albany project to the fore.
- 8.21 Ms Terblanche believes that the Albany WEF *“would in all likelihood add value to land that is included in the Project, as rental incomes would be secured for the duration of the project”*²⁹. The impact on land values can in my opinion be positive or negative. It all depends on the structure of the lease agreement. Generally, landlords and suppliers prefer a once-off upfront rental. This will result in lower property rates payable to the municipality, and more certainty around rental payments. Under such a scenario, the current owner will receive the economic benefits and rental, with no positive spin-offs to future owners. There is thus no positive impact on the land value when the property is sold.

²⁸ Section 11.2.1, page 105

²⁹ Section 11.2.3, page 107



- 8.22 Instead, it has a negative impact, for various reasons. Some of the obvious issues include the visual disturbance, the noise from the turbines, unsightly powerlines leading from the project site and a reduction in the potential of the farm. This is for instance when the conventional stock farming conducted on the farm is no longer feasible. If turbines are found on the property, alternative options, such as game reserves or game / hunting farms are not possible. This could result in reduced marketability and a negative effect on values, not the “few benefits” listed in the SIA.
- 8.23 Although Ms Terblanche is not a property valuer, she indicates that “*From a socio-economic perspective, experience indicates that infrastructure such as Eskom power lines and turbines would not have a negative impact on agricultural property values, although the potential impact on commercial land values would be more complex to determine*”³⁰. As a property valuer, with almost 30 years’ experience, I cannot agree with either of the above two statements. The reasons for my opinion are as follows:
- 8.23.1 If an agricultural property is not negatively affected by a powerline (or a turbine for that matter), why does Eskom have to compensate the landowner? This compensation is most often a percentage of the value of the farm, even though the farmer hardly ever loses actual agricultural potential - generally he can still use the land under the powerline. This is a clear indication that powerlines (and turbines) affect land value.
- 8.23.2 In a recent instruction from Kwandwe, I calculated that the derogation in its value, due to a windfarm in the area, can exceed R100,000,000 - this is more than 20% of its value.
- 8.24 I am therefore of the view that an interview that was conducted more than 7 years ago should not be used as “experience” by a social impact practitioner.
- 8.25 The second, more recent interview,³¹ is of even less relevance. Not only could the information not be verified, the information regarding the “value increase” is also extremely vague. Terms such as “increased significantly” and “the last number of years” have no place in a study such as this. In any event, the property itself could have been improved in the interim (e.g. a large shed added, a dam built, an electric fence installed or larger areas cultivated) and this could be the reason for the increase in selling price. There is thus no factual information on which Ms Terblanche can base her opening statement as quoted above.

³⁰ Section 11.2.4, page 108

³¹ Section 11.2.4 page 108



8.26 As stated before, the economic consequences of the proposed project ought to have formed part of the study conducted by the practitioner, as the economic impact is one of the three pillars of sustainability. In this regard it is unfortunate to note that Ms Terblance not only states that it is *“the SIA Specialist’s opinion”* that it is *“unlikely”* that the Albany WEF will negatively impact surrounding land values, but that she also believes that the *“cumulative impacts on land / market values of farms fall outside the scope of this SIA study”*³².

9. CONCLUSIONS DRAWN IN THE SIA

9.1 The conclusions drawn from the report is largely summarised in the first two paragraphs on page 134 of the report. For ease of reference the relevant portions of these two paragraphs will be listed below, with my comments adjacent to it:

<p><i>Negative local economic impacts on tourism/ game / hunting industries, livelihoods and on potential job losses in these industries are ‘possible’</i></p>	<p>It is quite clear from the Kwandwe survey that a significant portion of the respondents sees a WEF project in a very negative light, and might not return to Kwandwe if one is constructed close by. This WILL result in job losses - there is no possibility that it will not happen</p>
<p><i>..and rated with an overall MODERATE significance</i></p>	<p>If one takes into account that an upmarket tourism operation has about five jobs per guest, the loss of say 5% of guests could have a significant impact on job opportunities. This is even more pronounced when one takes into account that the number of job opportunities for the total duration of the WEF (71) is less than the current employment offered by only one operation (Kwandwe with 282 permanent positions)</p>

³² Section 11.2.4, page 109



<p><i>Confidence in the rating is 'uncertain'</i></p>	<p>The reason why the confidence in the rating is uncertain is because the practitioner did not quantify economic impacts. If the study included an economic component, it could well have yielded evidence that made the rating more certain</p>
<p><i>..as no consensus exists with regards to wind farms' actual impacts on tourism,</i></p>	<p>This comment is untrue due to two reasons. The survey done by Kwandwe makes a very clear case that visitors are extremely negative when it comes to eco-tourism being combined with WEF's, so much so that at least 70% indicated that they will not return to a property that is affected by a WEF. In the second instance the owners of tourism industries in the vicinity of completed projects clearly indicated how it affected their business - none indicated a positive spin-off. Once again this lack of consensus is due to the study not including the economic realities attached to wind farms</p>
<p><i>..no measurable economic impact on tourism locally or abroad could be obtained</i></p>	<p>Is this not the purpose of a study such as this? If there is any evidence that tourism could be impacted, then surely one has to determine the scope of this impact? To merely make this off as an unknown because it was not researched is questionable</p>
<p><i>..each tourism market would be sensitive to its own set of circumstances and generalization cannot be made'</i></p>	<p>In this instance, some 25% of the receiving community comprises eco driven tourism and industry. This will in my opinion necessitate at least some sort of study into how they are specifically affected, so that generalisations will not have to be made</p>



<p><i>And only four of the game farms / protected environments in the study area are regarded as significantly visually impacted (moderate to high)</i></p>	<p>As it turns out, one of these is Kwandwe, which at 22,000ha is about 3.5 times the size of the Albany wind farm. How this can be described as “only”, is not clear. If one further compares the staff compliment of Kwandwe with that of the Albany project, it is clear that the writer’s comments are untrue and misleading, trying to make light of a very serious issue</p>
<p><i>Establishment of the Albany WEF will make a ‘definite’ contribution to employment and the local economy during construction, as well as the lifespan of the Project.</i></p> <p><i>..with the two-year construction phase is rated with an overall MODERATE significance, operational phase employment will be limited (LOW)</i></p>	<p>In my analysis of the employment to be supplied by the Albany wind farm, it became clear that if more than one permanent unskilled job loss would occur on any of the impacted properties, it would be more than what would be supplied by the WEF during its operational phase. During construction, some 38 jobs for unskilled workers will be created, and based on statistics from other projects, an average of 53% of this is sourced from within 50km from the project³³. This means that some 20 people could be used for the two-year construction period</p>
<p><i>Important contributions towards the local economy in terms of procurement, SED and ED contributions (2.1% of revenue) ... will manifest (MODERATE significance)</i></p>	<p>The local economy could be affected in a few ways, including spend on SED and ED. The writer however notes that ED which refers to contributions to black owned businesses “appears slow in getting off the ground, although there are some successes in small business development.</p>

³³ Section 2.2.3, page 10 and Section 10.1.3, page 65



	<p><i>Most procurement spend are on equipment for the renewable projects and is happening in industrial zones rather than the areas where the projects are located". One cannot but wonder how the above comment can be reconciled with terms such as "will manifest" and "moderate significance". If ever there were economic unknowns, this will surely have been one of those, and at best, it should receive a "possible", "uncertain" and "Low" significance</i></p>
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10. OPINION ON SIA REPORT

- 10.1 From the above it should be quite clear that the conclusions drawn from this Social Impact Assessment is restricted to the social fabric - with no real investigation into the economic challenges that can be attributed to the Albany Project, should it proceed.
- 10.2 We are therefore of the opinion that this report should be rejected, as it is not deemed to be factually correct or objective. As such it should not and cannot be part of an EIA process that will impact the lives of many thousands of people.
- 10.3 It is recommended that a new report be commissioned, with a special focus on the employment offered by the WEF, the increase in unemployment from impacted businesses, the real and tangible income from SED and ED, and the net positive spin-offs to communities. With a few projects already completed, especially last-mentioned aspects could go some way in assessing the economic realities of WEF's in general.