

**SOCIAL IMPACT ASSESSMENT  
REPORT  
FOR  
SECTION 24G APPLICATION  
THORNHILL EGGLAND POULTRY FARM  
EASTERN CAPE PROVINCE**

**MARCH 2020**

**By**

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## **EXECUTIVE SUMMARY**

### **INTRODUCTION AND LOCATION**

Tony Barbour Environmental Consulting and Research was appointed by Cape EAPrac to undertake a Social Impact Assessment (SIA) as part of a S24G application for the Thornhill Egglund operation located near the settlement of Thornhill in the Kouga Local Municipality, Eastern Cape Province.

### **PROJECT DESCRIPTION**

The Thornhill Egglund facility consists of eight lay houses. The first four laying houses were commissioned in 1994/1995. Each laying house can accommodate 30 000 laying hens. In 1996 two more laying houses with a capacity of 40 000 laying hens were commissioned. The packhouse was established in 1997/1998 as part of creating an integrated operation. The final two laying houses were commissioned in 2005. Each of these houses can accommodate 40 000 laying hens. Quantum Foods (Pty) Ltd gained control of the Thornhill operations (laying and packaging) in 2014 following the unbundling of Pioneer Foods (Pty) Ltd in 2014.

The expansions that have taken place post 1994/1995, including the establishment of the packhouse facility, did not comply with the required environmental legislation and requirement. Authorisation is therefore required for these activities. Quantum Foods has therefore taken a decision to undertake a voluntary Section 24G rectification application process to assess the activities associated the expansion of the laying facilities and establishment of the packing house.

### **POLICY AND PLANNING ISSUES**

Based on the findings of the review the Thornhill Egglund operation supports a number of key developmental goals and priorities identified for the SBDM IDP, including the creation of employment opportunities and the promotion of local economic development. The KLM IDP also identifies a number of key performance areas and associated strategic goals and objectives. Under KPA I, Basic Services and Infrastructure, one of the strategic objectives under KPA 1, Basic Services and Infrastructure, is to facilitate real opportunities for the youth, women and people with disabilities. In this regard the current operations at Thornhill Egglund employ 47 women. The goal associated with KPA 2, Local Economic Development, is to create and facilitate a conducive environment that builds inclusive local economies, sustainable and decent employment. The operations at the Thornhill operations assist the KLM to meet this goal.

The operation of the Thornhill Egglund operations is in line with and is supported by the relevant local policies and planning documents.

### **CONCLUSIONS AND RECOMMENDATIONS**

#### ***Fit with planning***

The findings of the SIA indicate that the operation of the Thornhill Egglund operations is in line with and supported by the relevant local policies and planning documents for the SBDM and KLM.

### ***Construction Phase***

The construction phase of the project is estimated to have created in the region of 30-50 employment opportunities. These benefits have already occurred. The significance of the impact would have been **Medium Positive** (with and without enhancement). The potential negative impacts, such as noise and dust associated with construction related activities, would have been limited to the site and immediately adjacent properties. The significance would have been **Low Negative** (with and without mitigation).

### ***Operational Phase***

The current Thornhill Egglant plant operations employs approximately 80 full time staff and up to 33 temporary workers. The majority (96%) of the employees are Historically Disadvantaged Individuals (HDIs), most of whom live in Thornhill. The Laying Operations also employs up to 33 workers on adhoc basis. All of the causal workers are HDIs. The Thornhill Egglant is therefore the single largest employer in the area. The majority of employees are HDI and close to 60% are women. More than 90% of the employees also reside in Thornhill, which is located approximately 3 km from the site. Given the high unemployment levels in the Eastern Cape and the KLM, the benefit, at a local level, is rated as **High Positive**.

The total annual wage bill is in the region of R 12 million. Most of the wage bill is earned by HDIs that live in Thornhill. Expenditure by employees therefore benefits the local economy and businesses. The annual operational costs associated with the operations, excluding salaries, is in the region of R 45 million. This includes R 72 000 in rates and taxes to the KLM, R 220 000 for water, R 1 million for electricity and R 43 million on feed. The Thornhill Egglant operations is therefore one of the largest single contributors to the KLMs rates and taxes base. The annual spend of R 43 million on feed also supports local feed producers in the Eastern Cape.

The laying houses currently produce in the region of 527 000 dozen eggs per month and supplies the Eastern Cape and parts of the Western Cape, such as Knysna and Plettenburg Bay. The eggs are supplied to a broad range of clients, from large retail operations, such as Spar and Checkers, to local restaurants, B&Bs, small shops and spaza shops and street vendors. The products produced by Thornhill Egglants therefore support and benefits a broad range of both large and small business throughout the Eastern Cape and parts of the Western Cape.

The Thornhill Egglant plant therefore contributes to the economy and the supports the KLM. The significance is rated as **Medium Positive**.

### ***No Development Option***

The No-Development option would represent a lost opportunity for the local and regional economy. The lost opportunity relates to the employment and investment opportunities associated with the operational phase. The no-development option is therefore not supported.

### ***Recommendation***

The continued operation of the Thornhill Egglant operations is strongly supported by the findings of the SIA.

## **ACRONYMS**

DEA	Department of Environmental Affairs
ECP	Eastern Cape Province
EIA	Environmental Impact Assessment
GDP	Gross Domestic Product
HD	Historically Disadvantaged
IDP	Integrated Development Plan
KLM	Kouga Local Municipality
LED	Local Economic Development
NDP	National Development Plan
PSDF	Provincial Spatial Development Framework
SBDM	Sarah Baartman District Municipality
SDF	Spatial Development Framework
SDP	Spatial Development Plan
SIA	Social Impact Assessment

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## SECTION 1: INTRODUCTION

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### 1.1 INTRODUCTION

Tony Barbour Environmental Consulting and Research was appointed by Cape EAPrac to undertake a Social Impact Assessment (SIA) as part of a S24G application for the Thornhill Egglund operation located near the settlement of Thornhill in the Kouga Local Municipality, Eastern Cape Province (Figure 1.1). This report contains the findings of the SIA.



**Figure 1.1: Location of Thornhill Egglund Operations (orange arrow)**

### 1.2 APPROACH TO STUDY

The approach to the SIA study is based on the Western Cape Department of Environmental Affairs and Development Planning Guidelines for Social Impact Assessment (DEADP, 2007). The key activities undertaken as part of the SIA process as embodied in the guidelines included:

- Describing and obtaining an understanding of the proposed intervention (type, scale, and location), the settlements, and communities likely to be affected by the proposed development;

- Collecting baseline data on the current social and economic environment;
- Identifying the key potential social issues associated with the proposed development;
- Site visit and semi-structured interviews with key stakeholders;
- Assessing and documenting the significance of social impacts associated with the proposed development;
- Identification of enhancement and mitigation measures aimed at maximizing opportunities and avoiding and or reducing negative impacts; and

The identification of potential social issues associated with proposed facility is based on observations during the project site visit, interviews with key stakeholders, review of relevant documentation and experience with similar projects. Annexure A contains a list of the secondary information reviewed and interviews conducted. Annexure B outlines the assessment methodology used to assign significance ratings during the assessment phase.

### **1.3 OVERVIEW OF THE PROJECT**

The Thornhill Eggland facility is located in a rural farming area approximately 2-3 km north west of the small settlement of Thornhill in the Eastern Cape Province (Photograph 1). Access the site is via the N2 and R331. The facility consists of eight lay houses (Photograph 2). The first four laying houses were commissioned in 1994/1995. Each laying house can accommodate 30 000 laying hens. In 1996 two more laying houses with a capacity of 40 000 laying hens were commissioned. The packhouse was established in 1997/1998 as part of creating an integrated operation (Photograph 3). The final two laying houses were commissioned in 2005. Each of these houses can accommodate 40 000 laying hens. Quantum Foods (Pty) Ltd gained control of the Thornhill operations (laying and packaging) in 2014 following the unbundling of Pioneer Foods (Pty) Ltd in 2014.



**Photograph 1: View of cattle farming area to the east of the site**



**Photograph 2: Laying houses**





### **Photograph 3: Packing facility**

The expansions that have taken place post 1994/1995, including the establishment of the packhouse facility, did not comply with the required environmental legislation and requirement. Authorisation is therefore required for these activities. Quantum Foods has therefore taken a decision to undertake a voluntary Section 24G rectification application process to assess the activities associated the expansion of the laying facilities and establishment of the packing house.

Based in the information provided by Quantum Foods, the total capital expenditure to date is in the region of R 70 million. Of this total approximately R 20 million rand was associated with the establishment of the packhouse and approximately R 50 million with the laying houses.

The laying houses currently accommodate 282 000 laying hens and produce in the region of 130 000 dozen eggs per week, or 527 000 dozen eggs per month. The eggs are fed via a conveyor belt system to the packing house where they are checked and graded in terms of size and packed for distribution (Photograph 4 and 5).



**Photograph 4: Conveyor from laying houses to packing facility**



**Photograph 5: Eggs stored in packing facility**

The facility supplies the Eastern Cape and parts of the Western Cape, such as Knysna and Plettenburg Bay. The eggs are supplied to a broad range of clients, from the large retail operations, such as Spar, to local restaurants, B&Bs, small corner and spaza shops and street vendors. The products produced by Thornhill Eggplants therefore supports and benefits a broad range of both large and small business throughout the Eastern Cape and also parts of the Western Cape.

The Packaging Operations employ 52 staff, of which 39 (75%) are female and 13 (25%) are male. The majority (94%) of the employees are Historically Disadvantaged Individuals (HDIs), most of whom live in Thornhill. The Laying Operations employ 27 permanent staff, of which 8 (30%) are female and the remaining 19 (70%) are male. The majority (96%) of the employees are HDIs. The Laying Operations also employs up to 33 workers on adhoc basis. All of the casual workers are HDIs. Annual wage bill for the laying house and packing and laying components of the operation is approximately R 8 million and R 3.3 million respectively. The majority of the wage bill is earned by employees that live in Thornhill. Expenditure by employees therefore benefits the local economy and businesses.

More than 90% of the employees reside in Thornhill, which is located approximately 3 km from the site (Photograph 6). The Thornhill Eggplant is the single largest employer in the area. The logistics component of the operation that is involved in the distribution of eggs is outsourced to Imperial Logistics. The operation involves 7 permanent light trucks. The distribution operations create additional employment for drivers that are also from the local community, specifically Thornhill.



**Photograph 6: Thornhill**

The company provides workers with medical aid and provident fund. All workers are provided with the required personal protective equipment (PPE), including overalls, safety boots, dust masks, eyewear and gloves. Required training and skills development programmes are also provided for staff. Induction training is provided for all new employees and biosecurity and health and safety training is provided on a 6-monthly basis. Health and safety and biosecurity are key issues and annual food safety audits are undertaken on an annual basis. The audits are undertaken by independent accredited auditors. Quarterly vet audits of the laying operations are also undertaken.

The annual operational costs associated with Thornhill operations, excluding salaries, is in the region of R 45 million. This includes R 72 000 in rates and taxes to the KLM, R 220 000 for water, R 1 million for electricity and R 44 million on feed. The operations are one of the largest single contributors to rates and taxes base for the KLM. The annual spend of R 44 million on feed also supports local feed producers in the Eastern Cape.

## **1.4 ASSUMPTIONS AND LIMITATIONS**

### **1.4.1 Assumptions**

#### ***Identification of area for the proposed development***

The Thornhill Eggland operation is located in a rural, agricultural area. The activities that take place are therefore appropriate to the area.

#### ***Fit with planning and policy requirements***

Legislation and policies reflect societal norms and values. The legislative and policy context therefore plays an important role in identifying and assessing the potential social impacts associated with a proposed development. In this regard a key component of the SIA process is to assess the proposed development in terms of its fit with key planning and policy documents. Should the findings of the study therefore indicate that the proposed development in its current format does not conform to the spatial principles and guidelines contained in the relevant legislation and planning documents, and there are no significant or unique opportunities created by the development, the development cannot be supported.

The Thornhill Eggland operation is located in a rural, agricultural area. The activities are therefore appropriate to the area.

### **1.4.2 Limitations**

There are no limitations that have a bearing on the findings of the study.

## **1.5 SPECIALIST DETAILS**

Tony Barbour has 26 years' experience in the field of environmental management. In terms of SIA experience Tony Barbour has undertaken in the region of 250 SIA's and is the author of the Guidelines for Social Impact Assessments for EIA's adopted by the Department of Environmental Affairs and Development Planning (DEA&DP) in the Western Cape in 2007. A copy of Tony's CV is attached in Annexure C.

## **1.6 DECLARATION OF INDEPENDENCE**

This confirms that Tony Barbour, the specialist consultant responsible for undertaking the study and preparing the report, is independent and does not have a vested or financial interest in the proposed project being either approved or rejected. Annexure D contains a signed declaration of independence.

## **1.7 REPORT STRUCTURE**

The report is divided into four sections, namely:

- Section 1: Introduction;
- Section 2: Policy and planning context;
- Section 3: Overview of study area;
- Section 4: Identification and assessment of key issues.

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## **SECTION 2: POLICY AND PLANNING ENVIRONMENT**

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### **2.1 INTRODUCTION**

Legislation and policy embody and reflect key societal norms, values and developmental goals. The legislative and policy context therefore plays an important role in identifying, assessing and evaluating the significance of potential social impacts associated with any given proposed development. An assessment of the “policy and planning fit<sup>1</sup>” of the proposed development therefore constitutes a key aspect of the Social Impact Assessment (SIA). In this regard, assessment of “planning fit” conforms to international best practice for conducting SIAs. Furthermore, it also constitutes a key reporting requirement in terms of the applicable Western Cape Department of Environmental Affairs and Development Planning’s *Guidelines for Social Impact Assessment* (2007).

Given the nature of the development and the fact that is an existing operation, the focus of the review is on the District and Kouga Local Municipality planning and policy documentation. The following documents were reviewed:

- Sarah Baartman District Municipality Integrated Development Plan 2019/2020;
- Sarah Baartman District Municipality Socio-Economic and Enterprise Development Strategy;
- Kouga Local Municipality Integrated Development Plan 2017-22.

### **2.2 SARAH BAARTMAN DISTRICT MUNICIPALITY IDP 2019/2020 REVIEW**

The Vision of the SBDM is identified as: ‘An innovative and dynamic municipality striving to improve the quality of life for all communities in the District’. Its Mission is defined as ‘Coordinating, supporting and providing sustainable services, and promoting socio- economic development’. The overarching developmental goals identified for the DM are the following:

- Employment creation;
- Improving municipal service delivery;
- Socio-economic upliftment of the broader population;
- Building institutional capacity and financial viability;
- Creating a single window of co-ordination.

Five development priorities are identified for the SBDM, namely:

- Priority 1: Basic Service Delivery and Infrastructure;
- Priority 2: Financial Viability and Management;
- Priority 3: Local Economic Development (LED);

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<sup>1</sup> Planning fit” can simply be described as the extent to which any relevant development satisfies the core criteria of appropriateness, need, and desirability, as defined or circumscribed by the relevant applicable legislation and policy documents at a given time.

- Priority 4: Good Governance and Public Participation; and
- Priority 5: Municipal Transformation and Organisational Development.

Priority 3 is of specific relevance. The key objectives of the DM's LED strategy are the optimal and sustainable use of resources to facilitate economic development, employment creation, enterprise development, and the retention of human and capital resources within the DM.

The key strategy proposed for pursuing these goals is targeted investment in strategic sectors which are able to create employment opportunities on a substantial scale in the short to medium term, and more advanced industries crucial for long term economic growth. Of relevance to the development agriculture and agro-processing is identified as a key economic sector.

### **2.3 SARAH BAARTMAN DM SOCIO-ECONOMIC AND ENTERPRISE DEVELOPMENT STRATEGY**

The SBDM Socio-Economic and Enterprise Development Strategy (SEEDS) comprises what used to be known as the DM's Economic Growth and Development Strategy. An overview of the most recent revision of the strategy is provided in the SBDM 2019/2020 IDP Review.

The SBDM SEEDS approach is structured around seven core strategies based both on a review of international trends in rural regeneration strategies as well as a reflection on the experience of SBDM and other institutions in promoting development in the region. A brief overview of these 7 core strategies is provided below:

- Core Strategy 1: Increasing agricultural incomes;
- Core Strategy 3: Broadening economic participation;
- Core Strategy 4: Developing the skills base;
- Core Strategy 5: Improving connectivity and utility infrastructure;
- Core Strategy 6: Regenerating town cores; and
- Core Strategy 7: Building local and regional networks.

Of these, Strategy 1 and 4 are of relevance. In this regard, SEEDS notes that a region's skill's base is the key driver to both economic development and poverty reduction. It further notes that the DM's skills profile is skewed. On the one hand, the DM has a significant pool of highly skilled people. On the other, the vast bulk of the population has limited skills and limited educational attainment. This constitutes a major constraint to development. The SBDM is committed to a concerted approach to improving the skills profile of the region. Of relevance to the project a number of key areas requiring the DM's support are identified, including:

- Developing skills transfer partnerships between established and emerging farmers and between established and emerging businesses.

### **2.4 KOUGA LOCAL MUNICIPALITY IDP 2017-22**

The vision for the KLM is "Good Governance through service excellence". The Vision has a clear direction and that is to govern the municipality effectively and efficiently and to render the best basic services to the community. Its aim is also to inspire to

community to enhance public participation and to attract the best talent and investment to the municipality.

The mission statement is to:

- To create a government that addresses the needs and respects the values of Ubuntu in our communities;
- To create a better life for all through delivering inclusive and affordable services to residents;
- To create a safe environment with diverse opportunities for economic growth and development;
- To create a responsive, accountable and caring government for all its people;
- To create an efficient, well-managed, corruption free and legally compliant municipality;
- To create and maintain an effectively governed administration that is committed to financial sustainability.

A SWOT analysis undertaken as part of the IDP process lists the strengths, weaknesses, opportunities and threats that face the KLM. The following are relevant to the proposed development:

***Strengths***

- Agriculture, fishing, retail, construction and real estate have great potential

***Weaknesses***

- Seasonality of the economy and employment
- Scarce skills shortages in planning and development
- High rate of unemployment
- High rate of poverty

***Threats***

- High levels of poverty and unemployment

The IDP identifies the key goals of which the following are relevant to the development:

- To create jobs
- Build institutional capacity and financial viability

Linked to the strategic goals and objectives are a number of key performance areas (KPAs). The following KPAs are relevant:

***KPA 1: Basic Services and Infrastructure***

Goal: To provide quality, sustainable municipal infrastructure to consistently maintaining and improving the needs of the people of Kouga.

Strategic objective 4: To facilitate real opportunities for the youth, women and people with disabilities.

The current operations at Thornhill Egglund provide employment opportunities for youth and women. In this regard the current operations employ XX women.



***KPA 2: Local Economic Development***

Goal: To create and facilitate a conducive environment that builds inclusive local economies, sustainable and decent employment.

Strategic objective 1: To create an enabling environment for economic growth that attracts investors and tourists, encourages innovation and facilitates pro-poor interventions.

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## SECTION 3: OVERVIEW OF THE STUDY AREA

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### 3.1 INTRODUCTION

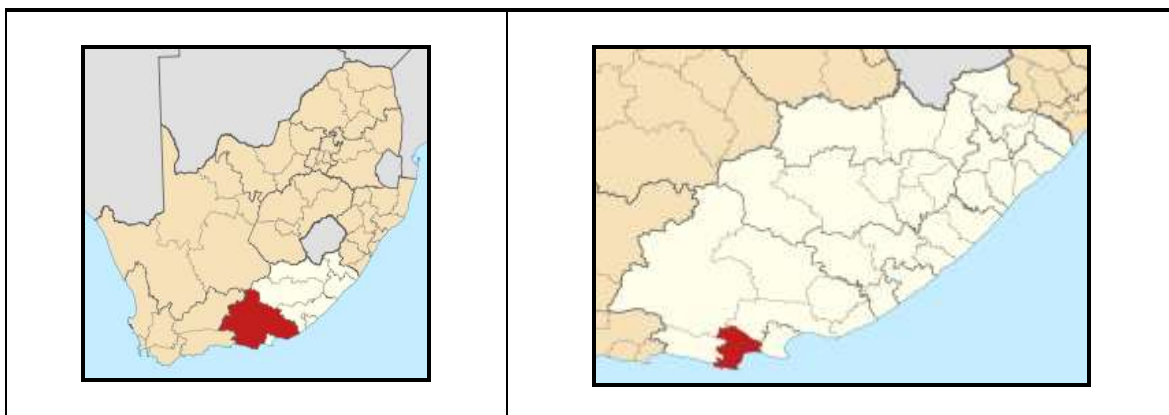
Section 3 provides an overview of the study area with regard to:

- The relevant administrative context;
- The municipal level demographic context;
- The municipal-level economic context; and

### 3.2 ADMINISTRATIVE CONTEXT

The site is located in the Kouga Local Municipality (KLM), within the Eastern Cape Province. The KLM is one of 7 local municipalities that make up the Sarah Baartman District Municipality (SBDM), previously known as the Cacadu DM (Figure 3.1). The other six Local Municipalities (LMs) are the Dr Beyers Naude, Makana, Ndlambe, Sundays River Valley and Kou Kamma LMs. The Nelson Mandela Metropolitan Municipality (NMMM) is surrounded on all sides by the SBDM. Three National Parks are located within the SBDM, namely the Addo Elephant National Park, Tsitsikamma National Park and Camdeboo National Park.

The SBDM is the largest (58 243 km<sup>2</sup>) of the six (6) District Municipalities in the Eastern Cape Province. There are also two metros in the Province, namely the Nelson Mandela Bay Metro (NMBM) and Buffalo City Metro. The SBDM is situated in the western portion of the Eastern Cape, bordering the Western Cape, Northern Cape and two other District Municipalities in the Eastern Cape, the Chris Hani District Municipality and Amathole District Municipality. The administrative seat of the SBDM is located in the Nelson Mandela Bay Metro area, with disaster response centres and satellite offices located throughout the district.



**Figure 3.1: Location of Sarah Baartman District Municipality (left) and Dr Beyers Naude Local Municipality (right) within the Eastern Cape Province (white) (Source: Wikipedia)**

The KLM is located approximately 80km west of Port Elizabeth and includes the coastal zone between the Van Staadens River in the east and the Tsitsikamma River in the west and inland stretches towards the Baviaanskloof Mountains in the north. The municipality is characterised by 3 topographical regions, i.e. the coastal region (including the towns of Jeffreys Bay, St Francis Bay, Cape St Francis, and Oyster Bay), the Gamtoos River Valley (including the towns of Hankey, Patensie, Loerie and Thornhill) and Humansdorp and surrounding commercial farming area.

### **3.3 PROVINCIAL SOCIO-ECONOMIC CONTEXT<sup>2</sup>**

The site is located in the Eastern Cape Province, which is divided into six district municipalities (DMs) and two Metropolitan Areas. The province faces significant social challenges: namely, addressing poverty, income inequality, food insecurity, and unemployment.

#### ***Population***

According to the 2011 census, the province was home to 6.7 million people, which constituted 12.7% of the national population. This makes the Eastern Cape the third most populated province after Gauteng (12.2 million) and KwaZulu-Natal (10.2 million). The Province's population grew by 4.5% between 2001 and 2011. The demographics for the Province also indicate that 57% of the total population were under the age of 30, while the median age was 22.4, the second lowest after the Limpopo Province. The national average in 2011 was 24.4. The population in 2016 was 6 996 979.

In terms of population distribution the OR Tambo DM (21%), NMBM (17%), Amotole (14%), and Buffalo City Metropolitan Area (12%), account for 64 % of the Provinces' population. The Sarah Baartman DM made up 7 % of the provinces total population. It is also important to note that youth constitute the largest share of the population in all DMs.

The average life expectancy for males in the Eastern Cape Province was 50.2 years in 2011. Only KwaZulu-Natal and the Free State Province had life expectancy estimates lower than the Eastern Cape Province at 48.4 and 44.9 years respectively. Average life expectancy for the South African male population between the years 2006 and 2011 was only 52.1 years. Males in the Western Cape Province had the highest life expectancy rate of 59.9 years followed by Limpopo at 55.8 and Gauteng at 54.4. Female expectancy in the Eastern Cape was 54 years for the period 2006 to 2011, also lower than the national average of 56 years. The figures for the Western Cape and Limpopo were 65.8 years and 61.4 years respectively (Eastern Cape, Socio-economic Review and Outlook, 2013).

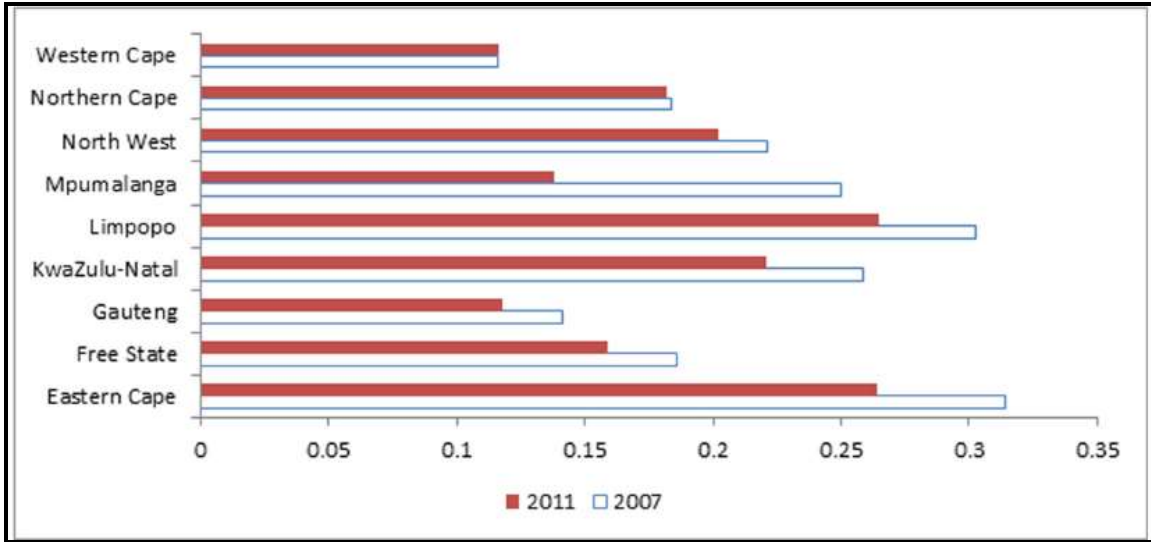
#### **Poverty and inequality**

As study undertaken by the University of Pretoria in 2013 (Eastern Cape, Socio-economic Review and Outlook, 2013) which used the Fuzzy Index of Poverty (FIP) to measure poverty<sup>3</sup> found that the Eastern Cape Province had the highest poverty levels in South Africa in 2011 (Figure 3.2).

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<sup>2</sup> The majority of the information in this section is based on a study undertaken by the University of Pretoria in 2013, titled Eastern Cape Socio-economic Review and Outlook, 2013.

<sup>3</sup> The FIP approach does not rely on a monetary poverty line, but used a the FIP uses a set of 12 indicators of well-being to measure poverty levels, namely, employment, municipal services (such as refuse collection, access to water, access to toilet, and access to electricity

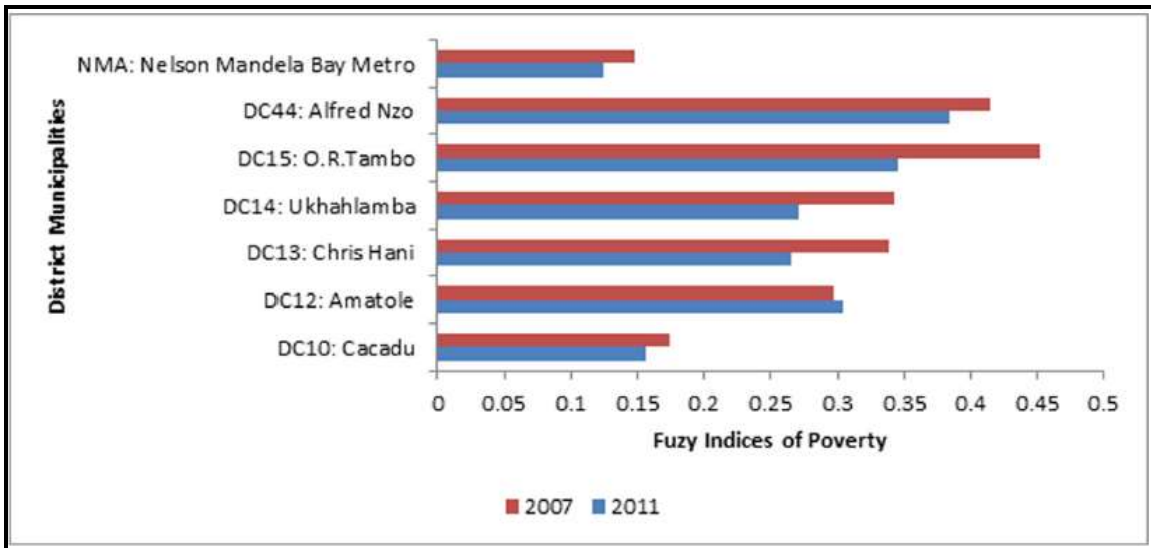


**Figure 3.2: Provincial poverty levels in SA**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013

Within the province itself the poorest districts in 2011 were the Alfred Nzo followed by the O.R. Tambo and Amatole DMs. After the Nelson Mandela Bay Metro the SBDM was ranked the second best in terms of poverty levels (Figure 3.3). In terms of inequality, South Africa is one of the most unequal societies in the world. According to data from IHS Global Insight, income national inequality, measured in terms of Gini Coefficient, was 0.68 in 2002 and fell marginally to 0.63 in 2011. The data from the Eastern Cape indicates that income inequality has fallen marginally in all DMs in the province. Three DMs in particular, namely, the O.R. Tambo, Alfred Nzo, and Amatole DMs were among those that managed to reduce inequality at a relatively higher pace than the others. The inequality level in the SBDM was 0.64 in 2011, which is marginally higher than the national figure of 0.63. Income equality, however, remains major challenge facing the Eastern Cape Province.

for lighting, cooking, and heating), type of dwelling, education, income, household size, and access to means of communication such as cell phones.



**Figure 3.3: Poverty levels with the Eastern Cape Province<sup>4</sup>**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013

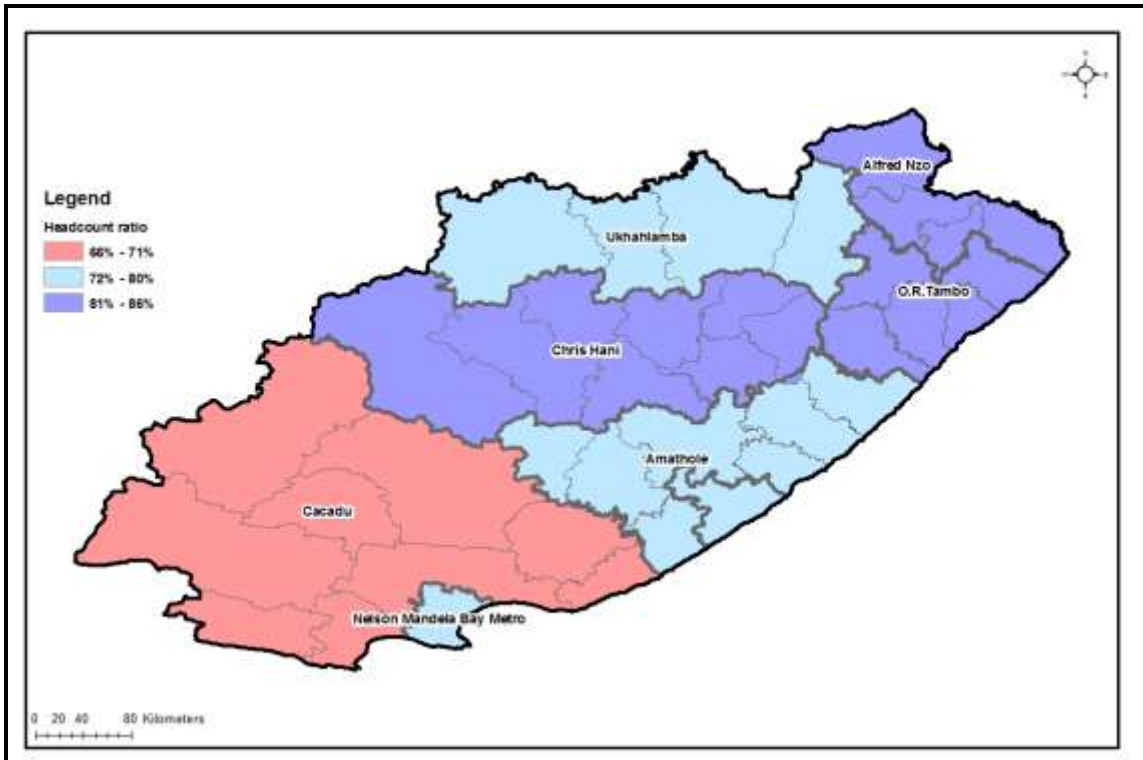
### Food security

The Eastern Cape has one of the highest levels of food insecurity in South Africa. According to the estimates, about 78% of the households in the province may be classified as food insecure. This is significantly higher than national average of 64% (Eastern Cape, Socio-economic Review and Outlook, 2013).

Vulnerability to food insecurity is widespread, particularly among households in Alfred Nzo, Chris Hani and O.R Tambo DMs (81-86%). Food insecurity is relatively lower in the SBDM (66%-71%) and less prevalent in the Western regions of the Eastern Cape (Figure 3.4). Within the SBDM the food insecurity levels in the BCRLM are between 40-60% of households, which makes the BCRLM one of the least food-insecure LMs in the DM.

The majority of households in the province that are affected by food insecurity are located in the rural areas. A number of these are also headed by females, have larger family sizes, and have higher dependency ratios.

<sup>4</sup> The Cacadu DM is now the Sarah Baartman DM

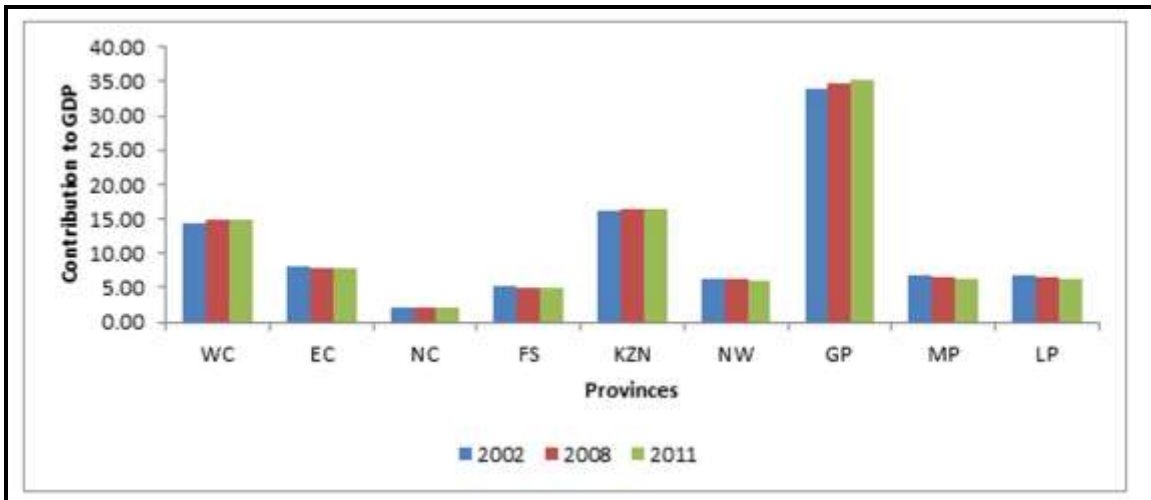


**Figure 3.4: Food Insecurity in the Eastern Cape**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013

**Economic Performance**

The Eastern Cape Province accounted for 7.8% of the national GDP in 2011 making it the fourth largest economy in South Africa, although only marginally ahead of the North West, Mpumalanga and Limpopo. Gauteng (35%) is the biggest contributor to the national economy, followed by KwaZulu-Natal (16.4%) and the Western Cape (14.8%). It is also worth noting that the contribution of the Eastern Cape Province to national GDP has fallen marginally since 2002 (Figure 3.5).



**Figure 3.5: Provinces' Contribution to GDP**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013

In terms of sectors the most important sector in the Eastern Cape economy is the tertiary sector, which contributed 76.7% of the regional GDP, followed by the secondary sector (21.2%), and the primary sector (2.2%). Within the tertiary sector the most important sub-sectors were finance, real estate and business services (22.4%), general government services (21.2%) and wholesale and retail trade (13.8%). Within the Secondary Sector the most important sub-sectors were manufacturing (17.5%), followed by construction (2.6%). The most important sub-sector in the Primary Sector was agriculture, forestry and fishing (2.1%) followed by mining and quarrying (0.1%)(Table 3.1).

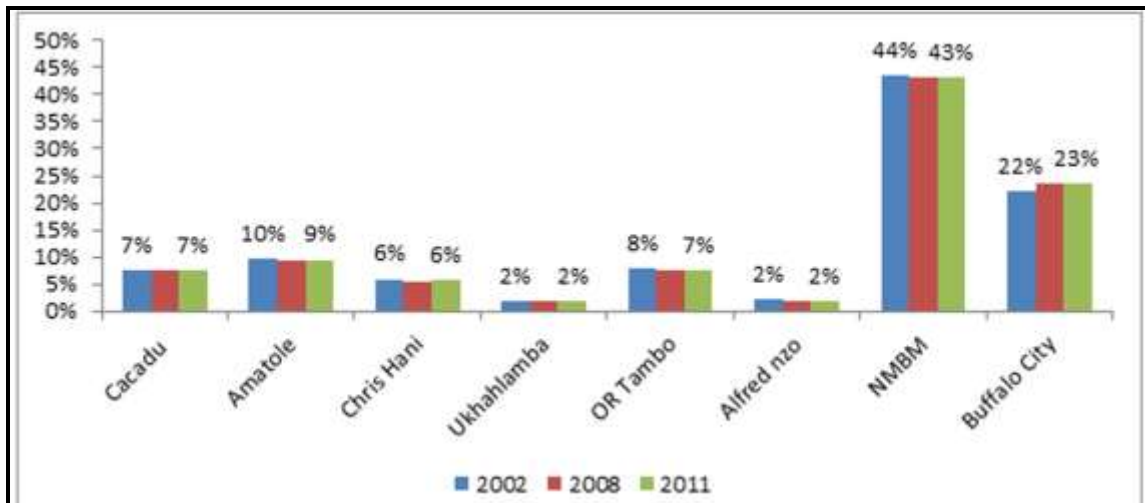
In terms of contribution of the provincial GDP, the NMBM (43%) and Buffalo City Metropolitan Area (23%) are the two most important areas, followed by the Amotole DM (9%) and the SBDM and OR Thambo DM with 7% each in 2011 (Figure 3.7). The contribution of the SBDM to the Province’s GDP has remained constant since 2002.

**Table 3.1: Sectoral contribution to Provincial economy**

Sectors	2002	2011	% Point Change
Primary Sector	2.7	2.2	-0.5
Agriculture, forestry and fishing	2.5	2.1	-0.5
Mining and quarrying	0.2	0.1	-0.1
Secondary Sector	22.3	21.2	-1.2
Manufacturing	19.6	17.5	-2.2
Electricity, gas and water	1.1	1.1	0.0
Construction	1.6	2.6	1.1
Tertiary Sector	75.0	76.7	1.7
Wholesale & retail trade	14.5	13.8	-0.7
Transport, storage and communication	8.8	8.9	0.1
Finance, real estate and business services	20.1	22.4	2.4
Personal services	10.2	10.3	0.1
General government services	21.5	21.2	-0.2
All industries at basic prices	100	100	

Source: Eastern Cape, Socio-economic Review and Outlook, 2013

In terms of key sectors in each of the DMs, as in the case at provincial level, the tertiary sector is the largest sector in all DMs followed by the secondary sector. In 2011 the contribution of the tertiary sector in each DM’s GVA ranged between 63% (in Nelson Mandela Bay Metro) to 82% (in O.R Tambo DM). The secondary sector is the second largest sector. While the contribution of the primary sector was low for each of the DMs, the contribution of the primary sector to GVA was the highest in the SBDM DM (8.7%). However, the contribution of the primary sector to GVA in all of the DMs declined between 2002 and 2011. The decline was most significant in the SB and Ukhahlamba DMs (Table 3.2). The low contribution of the primary sector to the GVA of the DMs and the decline over time is a concern given high number of rural households in these areas and the province as a whole.



**Figure 3.6: Contribution of District Municipalities to Provincial GDP**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013

**Table 3.2: Sectoral Shares of GVA by District Municipality in the Eastern Cape (%)**

	Cacadu		Amatole		Chris Hani		Ukhahlamba		O.R Tambo		Alfred Nzo		NMBM		Buffalo City	
	2002	2011	2002	2011	2002	2011	2002	2011	2002	2011	2002	2011	2002	2011	2002	2011
Primary	10.4	8.7	3.0	2.6	4.9	4.3	8.3	7.2	4.4	4.3	3.5	2.9	0.4	0.3	1	1
Agriculture	10.4	8.6	2.8	2.5	4.8	4.2	8.3	7.2	4.4	4.3	2.6	2.5	0.2	0.2	1	1
Mining	0.0	0.0	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.9	0.4	0.2	0.1	0	0
Secondary	12.2	13.4	15.6	15.1	8.6	8.6	13.4	12.2	5.5	5.7	4.6	4.9	26.5	24.8	20	20
Manufacturing	8.2	7.7	13.9	12.7	5.6	4.6	11.4	9.5	3.6	3.1	2.7	2.2	24.2	21.7	17	16
Electricity	2.0	2.1	0.5	0.5	1.1	1.1	0.6	0.6	0.7	0.6	0.6	0.6	1.0	1.0	1	1
Construction	2.0	3.6	1.2	1.9	1.9	2.9	1.4	2.1	1.3	2.0	1.3	2.0	1.3	2.2	2	3
Tertiary	68.1	68.9	70.6	71.2	76.7	77.8	66.5	68.7	81	81.5	79.3	79.8	61.5	62.9	69	69
Trade	12.6	13.6	12.7	11.8	15.2	13.5	9.0	7.9	18.2	16.2	23.9	20.5	11.6	11.4	12	12
Transport	5.9	6.6	3.2	3.1	6.1	5.2	3.6	3.1	3.6	3.3	2.9	2.2	11.3	11.4	7	7
Finance	18.8	19.0	14.6	17.0	10.8	13.7	9.1	12.2	15.7	17.8	5.4	6.7	18.4	19.9	22	25
Community	30.7	29.8	40.1	39.2	44.6	45.4	44.7	45.5	43.5	44.2	47.1	50.5	20.2	20.2	28	25
Total GVA	90.7	91.0	89.2	88.9	90.2	90.7	88.1	88.1	90.9	91.4	87.4	87.6	88.4	88.0	89	89
Taxes less Subs	9.3	9.0	10.8	11.1	9.8	9.3	11.9	11.9	9.1	8.6	12.6	12.4	11.6	12.0	11	11
Total	100	100	100.0	100.0	100	100	100	100	100	100	100	100	100	100	100	100

Source: Eastern Cape, Socio-economic Review and Outlook, 2013. Computation based on data from Global Insight

### Employment

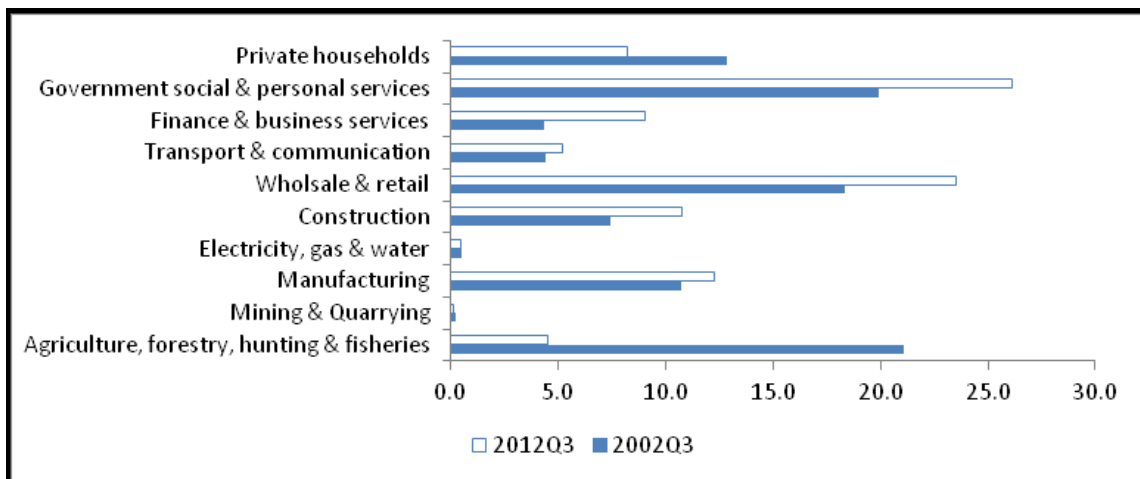
In terms of employment a total of 1.3 million people were employed in the Eastern Cape in 2011, which makes up 9.7% of the total number of people employed in the whole country. This makes the Eastern Cape the fourth largest employer after Gauteng (30.7%), KwaZulu-Natal (18.6%), and the Western Cape (13.2%)(Eastern Cape Socio-economic Review and Outlook, 2013).

The rate of unemployment in the province increased from 28.2% in the 3rd Quarter of 2011 to 30% in the 3rd Quarter of 2012, an increase of 1.8 percentage points. This is despite a 2.5% increase in employment. This simultaneous increase in both



the unemployment rate and employment levels is explained by an increase in the total size of the labour force (by 5%), in excess of the increase in the total number of new jobs (Eastern Cape, Socio-economic Review and Outlook, 2013).

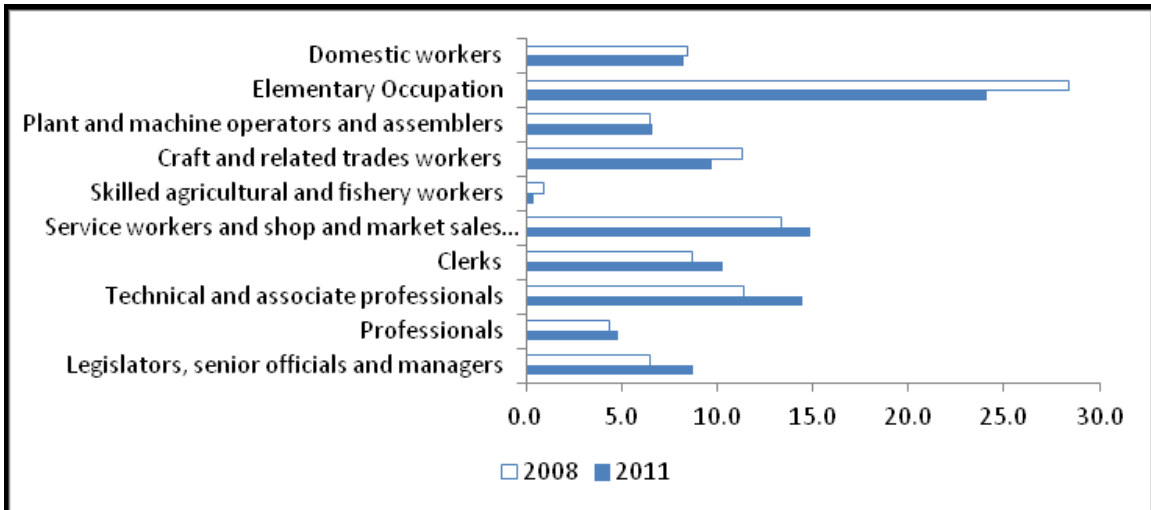
The majority of the employed (68%) were between the ages of 30 and 55. However, the youth defined as people between the ages between 15 and 30 years accounted for only 21.3% of the total number of employed people. This is despite the situation where this group make the majority of the working age population in the Province (51%). In terms of key sectors, more than 60% of the 1.3 million people employed in the province in the third quarter of 2012 were employed in three sub-sectors, namely, government social and personal services (26.1%), wholesale and retail (23.5%), and manufacturing (12.2%). The primary sectors, comprising mining and quarrying (0.1%) and agriculture, forestry, hunting and fisheries (4.5%) employed far fewer numbers of people. As indicated in Figure 3.7 the role of the agriculture, forestry, hunting and fisheries sub-sector in terms of employment has fallen significantly since 2002. The share of Agriculture, forestry, hunting and fisheries declined to 4.5% from 21.1%, a significant decline of 16.6 %. During the same period all of the other sub-sectors reported an increase in their contribution to employment (Eastern Cape, Socio-economic Review and Outlook, 2013).



**Figure 3.7: Employment by sector**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013

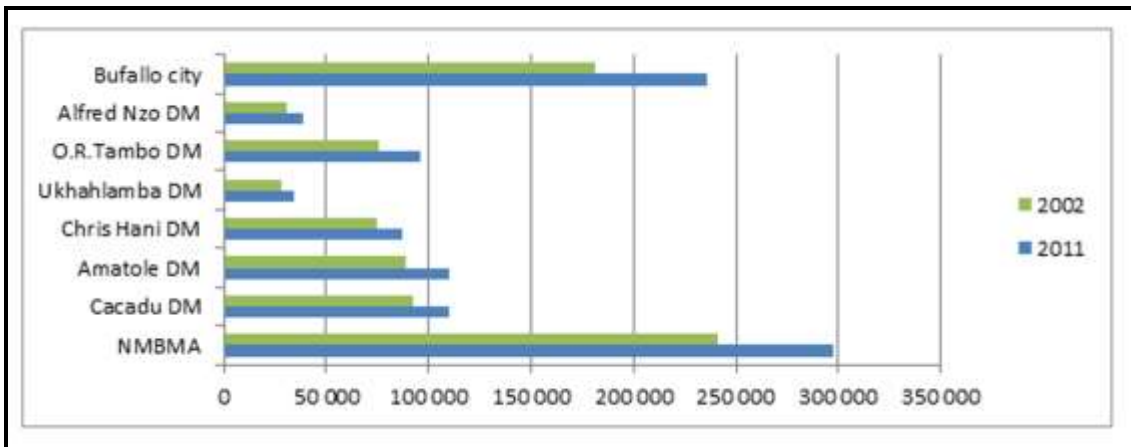
In terms of employment by occupation category, in 2008, elementary occupations made up of 28.4% of total employment, followed by service workers and shop and market sales at 13.4% and technical and associate professionals at 11.4%. In 2011, elementary activities decreased to 24.1% while employment in service workers and shop and market sales workers as well as technical and associate professionals increased respectively to 14.9% and 14.4% (Figure 3.8). Between the two years, employment declined in the unskilled job categories while employment in the semi-skilled and skilled categories increased – evidence of skill-biased employment growth. This reflects the decrease in the contribution of the agriculture, forestry, hunting and fisheries sectors which would have employed a large number of unskilled workers.



**Figure 3.8: Employment by Occupation**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013.

In terms of employment in the DMs, over 50% of the 1.3 million people employed in the province were employed in the NMBM and Buffalo City Metropole. These two areas accounted for 30% and 23% of the total provincial employment respectively. The remaining, namely, Cacadu, Amatole, and O.R Tambo DMs accounted for 10.9%, 10.8%, and 9.5% of the total provincial employment respectively (Figure 3.9).

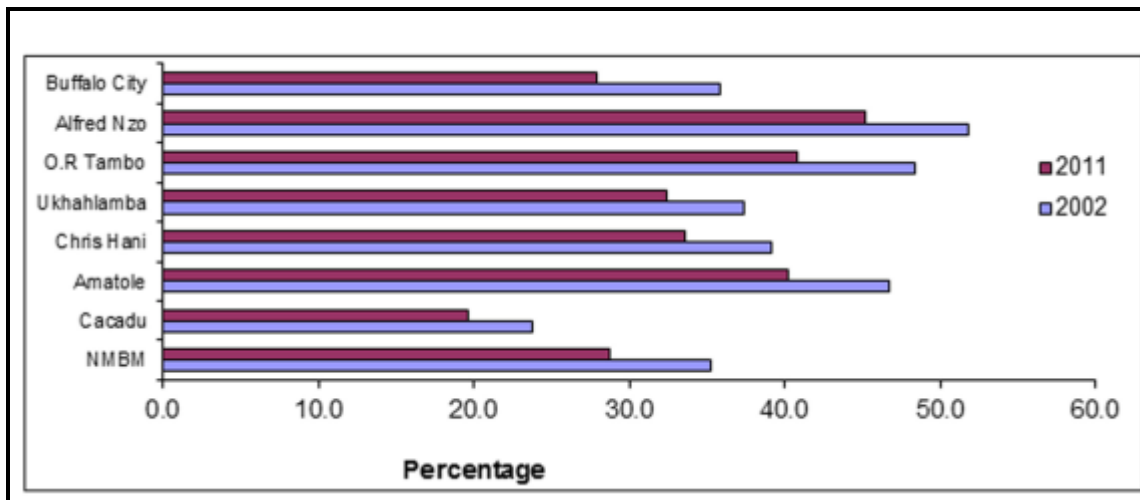


**Figure 3.9: Employment in the District Municipalities**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013.

While all of the DMs and the Metros managed to reduce the rate of unemployment over the period 2002-2011, the average rate of unemployment the Eastern Cape Province in 2011 (31%) remained higher than the national rate of 24.7%. Of the DMs only the SBDM with an unemployment rate of 23.7% had a rate of unemployment that was lower than the national average. The unemployment in the remaining DMs was Alfred Nzo DM, 51.8%, followed by the O.R Tambo DM, 48.4%, Amatole DM, 46.8%; Chris Hani, 39.1%; and Ukhahlamba DM, 37.4% (Figure 3.10). The Buffalo City Metropolitan Area (35.8%) and NMBM (35.3%) also had high rates of unemployment that were above both the provincial and national averages.

In terms of employment the most important sector in all of the DMs and Metros is Community Services. In the Alfred Nzo and Amatole DMs the Community Services sector accounted for 45% of total employment. The figures for the O.R Tambo, Chris Hani, Cacadu, NMB, and Buffalo City Metro were 43%, 42%, 22%, 26%, and 32% respectively. The Trade and Agriculture sectors are the next two most important sectors in terms of employment. The figures for the Trade sector were NMBM (20.7%), Buffalo City Metro (22.6%), Amatole (17%), O.R Tambo (17.1%), and Alfred Nzo (20%). The key employment sectors in the SBDM were Community Services (~24%), Trade (~23%) and Agriculture (~22%). However, while the contribution towards employment in the Community Services and Trade sectors increased between 2002 and 2011, the contribution of the Agriculture sector declined significantly over the same period.



**Figure 3.10: Unemployment rate in District Municipalities**

Source: Eastern Cape, Socio-economic Review and Outlook, 2013.

The Manufacturing sector also accounted for a sizable proportion of employment in the province. However, total employment in manufacturing significantly declined in the metros between 2002 and 2011. The share of agriculture in total employment also declined in all the metros and DMs for the same period. As indicated above, the decline was significant in both the Sarah Baartman and Ukhahlamba DMs, where it is relatively important economic activity. In Sarah Baartman DM, the contribution decreased by 10.8%.

### 3.4 MUNICIPAL SOCIO-ECONOMIC CONTEXT

#### 3.4.1 Demographics

##### **Population**

Based on the Household Community Survey (2016), the population of the KLM was 112 942 in 2016. The total number of households in 2016 was 35 236, giving an average household size of 3.2. Of the total number of households, the majority were houses (70.2%). However, 19.5% of the structures were shacks, compared to the average for the Eastern Cape of 7.38%. The percentage of informal structures is therefore more than double that of the Eastern Cape.

The majority of the population were Coloured (44.1%), followed by Black African (41.6%) and Whites (14.2%). In terms of age breakdown, under 19 age group made up 40%, the 20-59 group made up 51.5% and the over 60 group the remaining 9.5%. The dominant language was Afrikaans (58.3%), followed by IsiXhosa (34.6%) and English (4.1%).

Despite it being the second smallest region in the Sarah Baartman District Municipality, covering only 4.1% of the district land area, Kouga Municipality is the most populous region representing approximately 24% of the total population in the district. The Kouga Municipality also has the fastest annual growth rate in the district. Between 2001 -2011, the population has increased at an average of 3,22% per annum compared to annual growth rate of 1.1% in the district and 0.3% in the province. The population of the Kouga Municipality has grown by 6.5% of the period 2011 to 2016.

For Ward 7 the population was 10 261 in 2011. No information is available from the 2016 Community Survey. The total number of households in 2011 was 2 670 giving an average household size of 3.8, slightly higher than the average for the KLM. Of the total number of households, the majority were houses (75.2%). However, 15.2% of the structures were shacks, compared to the average for the Eastern Cape of 7.38%. The percentage of informal structures is therefore more than double that of the Eastern Cape.

The majority of the population were Coloured (48.0%), followed by Black African (37.0%) and Whites (14.0%). In terms of age breakdown, under 18 age group made up 31%, the 18-64 group made up 63.9% and the over 5group the remaining 5.2%. The dominant language was Afrikaans (62.5%), followed by IsiXhosa (29.2%) and English (5.1%).

### ***Household income***

Based on the data from the 2016 data, 16% of the population of the KLM had no formal income, 3.5% earned under R 4 800 per annum, 5.8% earned between R 5 000 and R 10 000, 17% between R 10 000 and 20 000 and 20.7% between R 20 000 and R 40 000 per annum (Household Community Survey 2016).

For Ward 7, 11.7% had no formal income, 2.2% earned under R 4 800 per annum, 4.8% earned between R 5 000 and R 10 000, 22.3% between R 10 000 and 20 000 and 26.2% between R 20 000 and R 40 000 per annum (Household Community Survey 2016).

The poverty gap indicator produced by the World Bank Development Research Group measures poverty using information from household per capita income/consumption. This indicator illustrates the average shortfall of the total population from the poverty line. This measurement is used to reflect the intensity of poverty, which is based on living on less than R3 200 per month for an average sized household. This equates to R 38 400 per annum. Based on this measure, in the region of 63% of households in the KLM live close to or below the poverty line. The 2011 figures for Ward 7 indicate that close to 67% of households lived close to or below the poverty line. The low-income levels reflect the limited formal employment opportunities in the KLM and Ward 7 and the dependence on the agricultural sector. The low-income levels are a major concern given that an increasing number of individuals and households are likely to be dependent on social grants. The low-income levels also result in reduced spending in the local economy and less tax and rates revenue for the district and local municipality.

### **Employment**

According to Census 2011, 21.51% of the KLM working age population was officially unemployed in 2011, with the youth unemployment rate higher, namely 26.7%. The figures are likely to be similar or Ward 7. The corresponding figures for the Eastern Cape were 37.4% and 47.3% respectively. Given the current economic climate the unemployment figures are likely to have increased since 2011.

### **Education**

Based on the 2016 Community Household Survey 3.8% of the KLM population had not education, 6.6% primary school level and 30.6% had a matric qualification. The 2011 figures for Ward 7 were 6% no education, 9% primary school and only 18% with a matric qualification. The figures for the Eastern Cape were 9% no education and 26.2% with a matric qualification. The overall education levels in the KLM are therefore better than the provincial averages. The matric figures for Ward 7 are however significantly lower than the figures for the KLM and Eastern Cape.

### **3.4.2 Municipal services**

As indicated in Table 3.3, the access municipal services as measured in terms of flush toilets, refuse removal and water are on the whole higher for the KLM when compared to Ward 7. However, the access to municipal services in both the KLM and Ward 7 are higher than the figure for the Eastern Cape. This is a reflection of their rural nature of large parts of the Eastern Cape compared to the KLM and Ward 7. In terms of access to electricity, 86.8% of the households in the KLM had access to electricity compared to 85.3% for the Eastern Cape. The figure for Ward 7 is likely to be similar to the figure for the KLM.

**Table 3.3: Overview of access to basic services in the KLM and Ward 7**

	<b>KLM (2016)</b>	<b>Ward 7 (2011)</b>	<b>EC (2016)</b>
% households with access to flush toilet	82.4%	67.0%	41.3%
% households with weekly municipal refuse removal	86.2%	51.1%	36.6%
% households with piped water inside dwelling	68.3%	70.1%	29.8%

*Source: Compiled from StatsSA Census 2011 Municipal Fact Sheet and 2016 Community Household Survey.*

### **3.4.3 Economic overview**

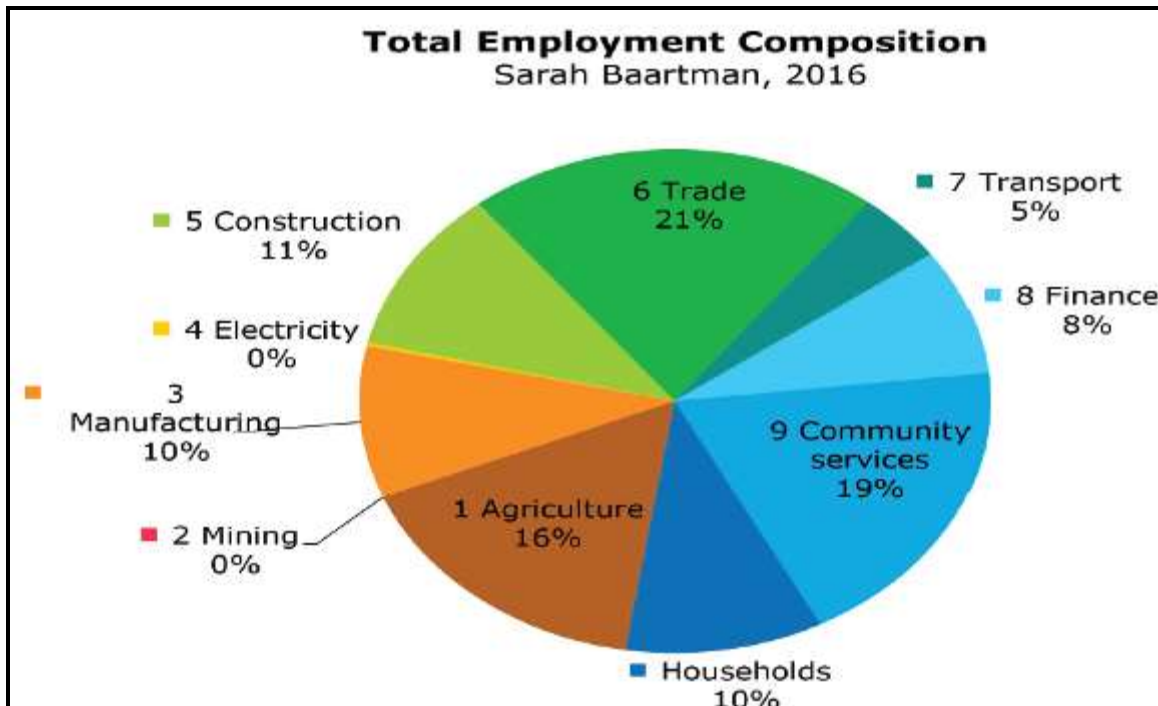
#### **District Municipal Context**

According to the 2019/2020 SBDM IDP Review, The SBDM is the third largest economy in the Eastern Cape Province, and the largest economy outside the largely "urban economies" of the Nelson Mandela Bay Municipality and Buffalo City Municipality. The predominant sectors in terms of the District's economy are agriculture and tourism, contributing approximately R690 million and R680 million respectively to the Gross Geographical Product (GGP) of the District. These sectors also hold the greatest potential for economic development in the DM.

The key established agricultural sub-sectors in the SBDM are red meat, wool & mohair, dairy, poultry, pork, chicory and pineapple. Key diversification sectors in the

DM include essential oils, exotic fruit, beekeeping and aquaculture. Water is the key limiting factor to agricultural development in the DM.

In terms of the SBDM's economic sectors' relative contribution to employment, the three biggest sectors in 2016 were Trade (21%), Community Services (19%) and Agriculture (16%), with Construction (11%), Manufacturing (10%) and Finance (8%) making further substantial contributions (Figure 3.11).



**Figure 3.11: Employment contribution by economic sector in the SBDM in 2016**

Source: SBDM IDP 2019/2020 Review

According to the 6-year (2016-2021) Gross Value Added (GVA) projections included in the IDP Review (Table 3.3), the agricultural sector is expected to grow the fastest of the DM's sectors until 2021, namely at an average of 3.89% annually from R 1.33 billion in 2017 to R 1.61 billion in 2021. The community services sector is estimated to be the largest sector within the SBDM by 2021, with a total share of 28.6% of the total GVA (as measured in current prices), growing at an average annual rate of 1.3%.

**Table 3.3: SBDM GVA by broad economic sector for the period 2016-2021 (in R Billion at 2010 values)**

	2016	2017	2018	2019	2020	2021	Average Annual growth
Agriculture	1.33	1.44	1.48	1.52	1.56	1.61	3.89%
Mining	0.18	0.18	0.18	0.18	0.19	0.19	0.17%
Manufacturing	1.90	1.90	1.93	1.96	2.01	2.07	1.76%
Electricity	0.18	0.18	0.18	0.18	0.19	0.20	1.18%
Construction	1.66	1.69	1.72	1.76	1.82	1.89	2.67%
Trade	4.71	4.75	4.83	4.94	5.11	5.28	2.32%
Transport	1.70	1.72	1.75	1.79	1.84	1.90	2.23%
Finance	3.54	3.56	3.64	3.73	3.84	3.96	2.26%
Community services	6.41	6.50	6.51	6.58	6.69	6.84	1.31%
<b>Total Industries</b>	<b>21.61</b>	<b>21.92</b>	<b>22.22</b>	<b>22.65</b>	<b>23.24</b>	<b>23.93</b>	<b>2.06%</b>

Source: SBDM IDP 2019/2020 Review

No separate figures for the Tourism sector are available. However, according to the 2019/2020 IDP Review, during the period 2006-2016, the number of bed nights spent by domestic tourists in the DM decreased at an average annual rate of -5.27%, while in the same period the international tourists increased by an average annual rate of 1.75%. The total number of bed nights spent by tourists in the DM decreased at an average annual growth rate of -3.55% from 3.01 million in 2006 to 2.1 million in 2016. The reason(s) for these decreases are not addressed in the IDP.

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## **SECTION 4: ASSESSEMENT OF KEY SOCIAL ISSUES**

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### **4.1 INTRODUCTION**

Section 4 provides an assessment of the key social issues identified during the study. The identification of key issues was based on:

- Review of project related information;
- Interviews with key stakeholders;
- Experience with similar projects.

The assessment section is divided into:

- Assessment of compatibility with relevant policy and planning context (“planning fit”;
- Assessment of social issues associated with the construction phase;
- Assessment of social issues associated with the operational phase;
- Assessment of the “no development” alternative.

### **4.2 POLICY AND PLANNING FIT**

Based on the findings of the review the Thornhill Egglund operation supports a number of key developmental goals and priorities identified for the SBDM IDP, including the creation of employment opportunities and the promotion of local economic development. The KLM IDP also identifies a number of key performance areas and associated strategic goals and objectives. Under KPA I, Basic Services and Infrastructure, one of the strategic objectives under KPA 1, Basic Services and Infrastructure, is to facilitate real opportunities for the youth, women and people with disabilities. In this regard the current operations at Thornhill Egglund employ 47 women. The goal associated with KPA 2, Local Economic Development, is to create and facilitate a conducive environment that builds inclusive local economies, sustainable and decent employment. The operations at the Thornhill operations assist the KLM to meet this goal.

The operation of the Thornhill Egglund operations is in line with and supported by the relevant local policies and planning documents.

### **4.3 SOCIAL IMPACTS ASSOCIATED WITH THE CONSTRUCTION PHASE**

#### **4.3.1 Positive social and socio-economic impacts**

The Thornhill Egglund facility consists of eight laying houses. The first four laying houses were commissioned in 1994/1995. Each laying house can accommodate 30 000 laying hens. In 1996 two more laying houses with a capacity of 40 000 laying hens were commissioned. The packhouse was established in 1997/1998 as part of creating an integrated operation. The final two laying houses were commissioned in 2005.



Each of these houses can accommodate 40 000 laying hens. Quantum Foods (Pty) Ltd gained control of the Thornhill operations (laying and packaging) in 2014 following the unbundling of Pioneer Foods (Pty) Ltd in 2014.

Based in the information provided by Quantum Foods, the total capital expenditure to date has been in the region of R 70 million. Of this total approximately R 20 million was associated with the establishment of the packhouse and approximately R 50 million with the laying houses.

The construction of the egg laying and packing facility would have created employment opportunities for local building contractors, civil engineering companies and suppliers. In this regard a percentage of the R70 million invested in the establishment of the laying and packaging facilities would have been spent in the local Kouga Municipality and broader Eastern Cape economy. The construction phase would have also created temporary employment opportunities for members from the local community. Given that the construction took place in between 1994/95 and 2005, it was not possible to obtain accurate information on the number of employment opportunities created. However, based on similar sized projects the total number of construction related employment opportunities is likely to have been in the region of 30-50.

The benefits associated with the construction phase have already occurred. The significance of the impact would have been **Medium Positive** (with and without enhancement).

#### **4.3.2 Negative social and socio-economic impacts**

The potential negative impacts typically associated with relatively small construction related activities, such as the establishment of the laying and packing facilities at the Thornhill Egglund facility, are likely to have been limited to the activities on the site, including noise, dust and safety impacts associated with construction related activities and the movement of heavy vehicles. However, the site is located in a rural farming area and there are no farmhouses and or other potentially sensitive receptors located in close proximity of the facilities.

The construction activities were also undertaken at different times. In this regard the first four laying houses were commissioned in 1994/1995, two more were added in 1996, and the final two in 2005. The packhouse was established in 1997/1998. The potential negative impacts, such as noise and construction related traffic, would therefore have been lower than if the entire facility was constructed at the same time.

In addition, given the relatively small scale of the construction related activities and the fact that they were spread out over a number of years, the potential security and safety risks posed by construction workers to local farmers in the area would have been low.

Based on this the significance of the potential negative social impacts during the construction phase would have been **Low Negative** (with and without mitigation).

## **4.4 SOCIAL IMPACTS ASSOCIATED WITH OPERATIONAL PHASE**

The key social issues affecting the operational phase include:

### **Potential positive impacts**

- Creation of employment opportunities;
- Support local economic development;

### **Potential negative impacts**

Based on the findings of the SIA there are no negative social impacts associated with Thornhill Egglard operations that would have a material bearing on the S24G Assessment.

#### **4.4.1 Creation of employment**

The Thornhill Egglard plant employs approximately 80 full time staff and up to 33 temporary workers. This is made up of 52 at the Packaging Operations and 27 at the Laying Operations. Of the 52 employed at the Packaging Operations, 39 (75%) are female and 13 (25%) are male. The majority (94%) of the employees are Historically Disadvantaged Individuals (HDIs), most of whom live in Thornhill. The Laying Operations employ 27 permanent staff, of which 8 (30%) are female and the remaining 19 (70%) are male. The majority (96%) of the employees are HDIs. The Laying Operations also employs up to 33 workers on adhoc basis. All of the casual workers are HDIs.

The logistics component of the operation involved in the distribution of eggs is outsourced to Imperial Logistics. The operation involves 7 permanent light trucks. The distribution operations create additional employment for drivers that are also from the local community, specifically Thornhill.

The Thornhill Eggplant is therefore the single largest employer in the area. The majority of employees are HDI, and close to 60% are women. More than 90% of the employees also reside in Thornhill, which is located approximately 3 km from the site.

In addition, the company provides workers with medical aid and provident fund. All workers are also provided with training and skills development programmes and the required personal protective equipment (PPE), including overalls, safety boots, dust masks, eyewear and gloves. Induction training is provided for all new employees and biosecurity and health and safety training is provided on a 6-monthly basis. Health and safety and biosecurity are key issues and annual food safety audits are undertaken on an annual basis. The audits are undertaken by independent accredited auditors. Quarterly vet audits of the laying operations are also undertaken.

**Table 4.1: Creation of employment opportunities during the operational phase**

<b>Nature:</b> Creation of employment opportunities during the operational phase		
	<b>Without Mitigation</b>	<b>With Enhancement<sup>5</sup></b>
<b>Extent</b>	Local – Regional (2)	Local – Regional (3)
<b>Duration</b>	Long-Term (4)	Long-Term (4)
<b>Magnitude</b>	Moderate (6)	Moderate (6)
<b>Probability</b>	Probable (3)	Definite (5)
<b>Significance</b>	Medium (36)	High (65)
<b>Status</b>	Positive	Positive
<b>Reversibility</b>	N/A	N/A
<b>Irreplaceable loss of resources?</b>	N/A	N/A
<b>Can impact be enhanced?</b>	Yes	
<b>Enhancement:</b> See below		
<b>Cumulative impacts:</b> Opportunity to up-grade and improve skills levels in the area.		
<b>Residual impacts:</b> Improved pool of skills and experience in the local area.		

#### **Recommended enhancement measures**

Based on the findings of the SIA, most of the employees are HDIs from the local community, specifically Thornhill. The benefits associated with the Thornhill Egglard plant have therefore been enhanced. The continued operation of the Thornhill Egglard plant is therefore supported.

#### **4.4.2 Benefit to economy and Kouga Municipality**

As indicated above, the Thornhill Egglard plant employs approximately 80 full time staff and up to 33 temporary workers. The annual wage bill for the laying house and packing components of the operation is approximately R 8 million and R 3.3 million respectively. Most of the wage bill is earned by HDIs that live in Thornhill. Expenditure by employees therefore benefits the local economy and businesses.

The annual operational costs associated with the operations, excluding salaries, is in the region of R 45 million. This includes R 72 000 in rates and taxes to the KLM, R 220 000 for water, R 1 million for electricity and R 44 million on feed. The Thornhill Egglard operations is therefore one of the largest single contributors to the KLMs rates and taxes base. The annual spend of R 44 million on feed also supports local feed producers in the Eastern Cape.

The laying houses currently accommodate 282 000 laying hens and produce in the region of 130 000 dozen eggs per week, or 527 000 dozen eggs per month. The facility supplies the Eastern Cape and parts of the Western Cape, such as Knysna and Plettenburg Bay. The eggs are supplied to a broad range of clients, from large retail operations, such as Spar and Checkers, to local restaurants, B&Bs, small shops and spaza shops and street vendors. The products produced by Thornhill Egglard plants

<sup>5</sup> Based on the findings of the SIA the majority of employees are HDIs from the local community, specifically Thornhill.

therefore support and benefits a broad range of both large and small business throughout the Eastern Cape and parts of the Western Cape.

The Thornhill Egglund plant therefore contributes to the economy and the supports the KLM.

**Table 4.2: Contribution to economy and KLM**

<b>Nature:</b> Contribution to economy and KLM		
	<b>Without Mitigation</b>	<b>With Enhancement</b>
<b>Extent</b>	Local – Regional (2)	Local – Regional (3)
<b>Duration</b>	Long-Term (4)	Long-Term (4)
<b>Magnitude</b>	Moderate (6)	Moderate (6)
<b>Probability</b>	Probable (3)	Highly Probable (4)
<b>Significance</b>	Medium (39)	Medium (52)
<b>Status</b>	Positive	Positive
<b>Reversibility</b>	N/A	N/A
<b>Irreplaceable loss of resources?</b>	N/A	N/A
<b>Can impact be enhanced?</b>	Yes	
<b>Enhancement:</b> See below		
<b>Cumulative impacts:</b> Contribution to local economy and support for KLM		
<b>Residual impacts:</b> Improved economic development and sustainability of KLM		

**Recommended enhancement measures**

The continued operation of the Thornhill Egglund plant is supported.

**4.5 ASSESSMENT OF NO-DEVELOPMENT OPTION**

The No-Development option would represent a lost opportunity for the local and regional economy. The lost opportunity relates to loss of jobs and support for the economy and the KLM. The no-development option is therefore not supported.

**Table 4.3: Assessment of no-development option**

<b>Nature:</b> The no-development option would result in the lost opportunity in terms of employment, support for the economy and KLM		
	<b>Without Mitigation<sup>6</sup></b>	<b>With Enhancement<sup>7</sup></b>
<b>Extent</b>	Local-Regional (3)	Local-Regional (3)
<b>Duration</b>	Long term (4)	Long term (4)
<b>Magnitude</b>	Moderate (6)	Moderate (6)
<b>Probability</b>	Highly Probable (4)	Highly Probable (4)
<b>Significance</b>	Medium (52)	Medium (52)
<b>Status</b>	Negative	Positive
<b>Reversibility</b>	Yes	Yes
<b>Irreplaceable loss of resources?</b>	No	No
<b>Can impact be mitigated?</b>	Yes	Yes
<b>Enhancement:</b> See below		
<b>Cumulative impacts:</b> Negative, linked to lost opportunity for the local economy		
<b>Residual impacts:</b> See cumulative impacts		

**Recommended enhancement measures**

The continued operation of the Thornhill Egglard plant is supported.

**4.6 CONCLUSIONS AND RECOMMENDATIONS**

The findings of the SIA indicate that the operation of the Thornhill Egglard operations is in line with and supported by the relevant local policies and planning documents for the SBDM and KLM.

The construction phase of the project is estimated to have created in the region of 30-50 employment opportunities. These benefits have already occurred. The significance of the impact would have been **Medium Positive** (with and without enhancement). The potential negative impacts, such as noise and dust associated with construction related activities, would have been limited to the site and immediately adjacent properties. The significance would have been **Low Negative** (with and without mitigation).

The current Thornhill Egglard plant operations employs approximately 80 full time staff and up to 33 temporary workers. The majority (96%) of the employees are Historically Disadvantaged Individuals (HDIs), most of whom live in Thornhill. The Laying Operations also employs up to 33 workers on adhoc basis. All of the causal workers are HDIs. The Thornhill Egglard plant is therefore the single largest employer in the area. The majority of employees are HDI and close to 60% are women. More than 90% of the employees also reside in Thornhill, which is located approximately 3

<sup>6</sup> Assumes that facility is closed

<sup>7</sup> Assumes facility continues to operate

km from the site. Given the high unemployment levels in the Eastern Cape and the KLM, the benefit, at a local level, is rated as **High Positive**.

The total annual wage bill is in the region of R 12 million. Most of the wage bill is earned by HDIs that live in Thornhill. Expenditure by employees therefore benefits the local economy and businesses. The annual operational costs associated with the operations, excluding salaries, is in the region of R 45 million. This includes R 72 000 in rates and taxes to the KLM, R 220 000 for water, R 1 million for electricity and R 43 million on feed. The Thornhill Eggland operations is therefore one of the largest single contributors to the KLMs rates and taxes base. The annual spend of R 43 million on feed also supports local feed producers in the Eastern Cape.

The laying houses currently produce in the region of 527 000 dozen eggs per month and supplies the Eastern Cape and parts of the Western Cape, such as Knysna and Plettenburg Bay. The eggs are supplied to a broad range of clients, from large retail operations, such as Spar and Checkers, to local restaurants, B&Bs, small shops and spaza shops and street vendors. The products produced by Thornhill Eggplants therefore support and benefits a broad range of both large and small business throughout the Eastern Cape and parts of the Western Cape.

The Thornhill Eggland plant therefore contributes to the economy and the supports the KLM. The significance is rated as **Medium Positive**.

The continued operation of the Thornhill Eggland operations is therefore strongly supported by the findings of the SIA.

## **ANNEXURE A**

### **INTERVIEWS**

- Mr Martin Carstens, Laying House Manager, Quantum Foods (4 February 2020);
- Mr Riaan Olivier, Packing House Manager, Quantum Foods (4 February 2020).

### **REFERENCES**

- Sarah Baartman District Municipality Integrated Development Plan 2019/2020;
- Sarah Baartman District Municipality Socio-Economic and Enterprise Development Strategy;
- Kouga Local Municipality Integrated Development Plan 2017/2020.

## ANNEXURE B

### METHODOLOGY FOR THE ASSESSMENT OF POTENTIAL IMPACTS

Direct, indirect and cumulative impacts of the above issues, as well as all other issues identified will be assessed in terms of the following criteria:

- The **nature**, which shall include a description of what causes the effect, what will be affected and how it will be affected.
- The **extent**, where it will be indicated whether the impact will be local (limited to the immediate area or site of development), regional, national or international. A score between 1 and 5 will be assigned as appropriate (with a score of 1 being low and a score of 5 being high).
- The **duration**, where it will be indicated whether:
  - \* the lifetime of the impact will be of a very short duration (0–1 years) – assigned a score of 1;
  - \* the lifetime of the impact will be of a short duration (2-5 years) - assigned a score of 2;
  - \* medium-term (5–15 years) – assigned a score of 3;
  - \* long term (> 15 years) - assigned a score of 4; or
  - \* permanent - assigned a score of 5.
- The **magnitude**, quantified on a scale from 0-10, where a score is assigned:
  - \* 0 is small and will have no effect on the environment;
  - \* 2 is minor and will not result in an impact on processes;
  - \* 4 is low and will cause a slight impact on processes;
  - \* 6 is moderate and will result in processes continuing but in a modified way;
  - \* 8 is high (processes are altered to the extent that they temporarily cease); and
  - \* 10 is very high and results in complete destruction of patterns and permanent cessation of processes.
- The **probability of occurrence**, which shall describe the likelihood of the impact actually occurring. Probability will be estimated on a scale, and a score assigned:
  - \* Assigned a score of 1–5, where 1 is very improbable (probably will not happen);
  - \* Assigned a score of 2 is improbable (some possibility, but low likelihood);
  - \* Assigned a score of 3 is probable (distinct possibility);
  - \* Assigned a score of 4 is highly probable (most likely); and
  - \* Assigned a score of 5 is definite (impact will occur regardless of any prevention measures).
- The **significance**, which shall be determined through a synthesis of the characteristics described above (refer formula below) and can be assessed as low, medium or high.
- The **status**, which will be described as either positive, negative or neutral.
- The *degree* to which the impact can be *reversed*.
- The *degree* to which the impact may cause *irreplaceable loss of resources*.
- The *degree* to which the impact can be *mitigated*.

The **significance** is determined by combining the criteria in the following formula:

$S=(E+D+M)P$ ; where

S = Significance weighting



E = Extent  
D = Duration  
M = Magnitude  
P = Probability

The **significance weightings** for each potential impact are as follows:

- < 30 points: Low (i.e. where this impact would not have a direct influence on the decision to develop in the area),
- 30-60 points: Medium (i.e. where the impact could influence the decision to develop in the area unless it is effectively mitigated),
- > 60 points: High (i.e. where the impact must have an influence on the decision process to develop in the area).

## **ANNEXURE C: CV**

### **Tony Barbour**

### **ENVIRONMENTAL CONSULTING AND RESEARCH**

10 Firs Avenue, Claremont, 7708, South Africa  
(Tel) 27-21-761 2355 - (Fax) 27-21-761 2355 - (Cell) 082 600 8266  
(E-Mail) [tbarbour@telkomsa.net](mailto:tbarbour@telkomsa.net)

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Tony Barbour's experience as an environmental consultant includes working for ten years as a consultant in the private sector followed by four years at the University of Cape Town's Environmental Evaluation Unit. He has worked as an independent consultant since 2004, with a key focus on Social Impact Assessment. His other areas of interest include Strategic Environmental Assessment and review work.

#### **EDUCATION**

- BSc (Geology and Economics) Rhodes (1984);
- B Economics (Honours) Rhodes (1985);
- MSc (Environmental Science), University of Cape Town (1992)

#### **EMPLOYMENT RECORD**

- Independent Consultant: November 2004 – current;
- University of Cape Town: August 1996-October 2004: Environmental Evaluation Unit (EEU), University of Cape Town. Senior Environmental Consultant and Researcher;
- Private sector: 1991-August 2000: 1991-1996: Ninham Shand Consulting (Now Aurecon, Cape Town). Senior Environmental Scientist; 1996-August 2000: Steffen, Robertson and Kirsten (SRK Consulting) – Associate Director, Manager Environmental Section, SRK Cape Town.

#### **LECTURING**

- University of Cape Town: Resource Economics; SEA and EIA (1991-2004);
- University of Cape Town: Social Impact Assessment (2004-current);
- Cape Technikon: Resource Economics and Waste Management (1994-1998);
- Peninsula Technikon: Resource Economics and Waste Management (1996-1998).

#### **RELEVANT EXPERIENCE AND EXPERTISE**

Tony Barbour has undertaken in the region of 200 SIA's, including SIA's for infrastructure projects, dams, pipelines, and roads. All of the SIAs include interacting with and liaising with affected communities. In addition he is the author of the Guidelines for undertaking SIA's as part of the EIA process commissioned by the Western Cape Provincial Environmental Authorities in 2007. These guidelines have been used throughout South Africa.

Tony was also the project manager for a study commissioned in 2005 by the then South African Department of Water Affairs and Forestry for the development of a Social Assessment and Development Framework. The aim of the framework was to enable the Department of Water Affairs and Forestry to identify, assess and manage social impacts associated with large infrastructure projects, such as dams. The study also included the development of guidelines for Social Impact Assessment, Conflict Management, Relocation and Resettlement and Monitoring and Evaluation.

Countries with work experience include South Africa, Namibia, Angola, Botswana, Zambia, Lesotho, Swaziland, Ghana, Mozambique, Mauritius, Kenya, Ethiopia, Oman, South Sudan and Sudan.

## ANNEXURE D: DECLARATION OF INDEPENDENCE

The specialist declaration of independence in terms of the Regulations\_

I, Tony Barbour \_\_\_\_\_, declare that --

General declaration:

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;  
and

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.



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Signature of the specialist:

Tony Barbour Environmental Consulting and Research

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Name of company (if applicable):

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6 March 2020

Date: