Comments to: Appendix G10: Socio-Economic Impact Assessment and pre-Application BAR (pre-A BAR)

1. CONTEXT:

The Socio-Economic Impact Assessment (SIA) justifies the Skytram development based on projections of social and economic benefits made by use of the Social Accounting Matrix (SAM) economic planning tool. The projections are then used to justify disregarding Skytram's adverse heritage, visual, and other adverse impacts.

Statistics South Africa describes SAM as *"One of the measurement tools that can be used in determining the success of government strategies and policies".* The use of SAM in this context using national and provincial data from Stats (SA) and the SA Reserve Bank Accounts data with limited adaptation to local conditions gives its projections an underserved level of credibility and Skytram an undeserved justification.

2. SUMMARY OF COMMENTS:

2.1. The SAM is not an appropriate economic planning tool for forecasting socio-economic benefits at a local level unless there is sufficiently detailed data on the local economy. Without knowing the selected multipliers and input data used in applying the SAM to the Skytram project the validity of its projections cannot be assessed. With different multipliers and data, the projections will be different.

2.2. Given the **lack of data at Franschhoek level** and use of Western Cape province data from SA Reserve Bank and Stats SA, the claimed socio-economic benefits of Skytram for Franschhoek and the Franschhoek Valley in the SIA based on projections made by use of the SAM cannot be substantiated.

2.3. The creation of 37 job opportunities, many if not most of which will be unskilled and seasonal and not taken by local people, does not address local poverty and unemployment.

2.4. With 3000 tourists a day Franschhoek will be **over-touristed,** and become a **mass tourism** destination; it will lose its image as a high-end destination, its "sense of place" through visual, night light and noise impacts, traffic delays, shortage of parking, loss of high-end tourists, closure of businesses, invasion of privacy for residents near the cableway, departure of residents who feel Franschhoek is no longer the town it was, reduction in property values, and potential increase in crime. While some of these impacts were identified in the SIA and mitigation measures proposed, most cannot be mitigated.

2.5. The **social responsibility donation of 2% of ticket sales** or R1.15m (in Year 1, growing to R3m in Year 10) to be made to Franschhoek via Stellenbosch Municipality is negligible in relation to losses in quality of life and overall well-being which the Franschhoek community will suffer.

2.6. The **disruption and inconvenience** to businesses and residents during the construction phase and in the operational phase due to traffic congestion and absence of parking is not considered in the SIA.

2.7. The problem of **social tensions** caused by migrant labour attracted by the perceived prospect of work is acknowledged but the SIA has no plans for dealing with it.

Conclusion:

Skytram will generate insufficient benefits in employment, business opportunities, additional business in the village and in its insignificant social responsibility donation to compensate for its seriously negative impacts. Replacing Franschhoek's reputation for high-end tourism with a mass tourism reputation will lead to a decline in the high staff to guest employment ratios and investment in high end restaurants and tourist accommodation.

3. DETAILED COMMENTS:

3.1. Methodology:

3.1.1. <u>Statement ref 1.3 page 14:</u>

<u>Comment to Gaps in Knowledge:</u>

Reference to "*<u>Gaps in Knowledge"</u>* does not instil confidence. It can be interpreted as a limitation of responsibility.

<u>Comment to data:</u>

An extract from correspondence with Urban Econ: "The SAM is a **Provincial SAM**, so **<u>the impacts should be interpreted provincially</u>**. If tourists spend money on a transit service to get to Franschhoek, then that money will benefit the transport provider in Cape Town, for example. But local workers employed will spend their money locally. Contractors coming in from outside will go back home and spend their money there. One cannot assume the TOTAL impact will all be in Franschhoek... **<u>If</u>** more people are attracted to Franschhoek or choose to stay longer in the village or area because of the different attractions, they will spend money here **<u>as opposed to somewhere else</u>**. A portion of it **<u>could</u>** be "new" money if it attracts visitors to stay 2 days in Franschhoek instead of one for example. Or **<u>if</u>** it attracts visitors who wouldn't have gone to Franschhoek at all because they aren't really interested in wine tourism." [all accents added]

It is impossible to ascertain from the model, what the true impact on Franschhoek, the Winelands District or even the Western Cape would be without a detailed explanation of:

- the displacement of tourism from elsewhere;
- the displacement of revenue from existing attractions;
- the tourism capacity and occupancies of existing establishments and whether there is any room for growth during peak months.

Given the lack of data available at a local level these projections cannot be deemed to be even moderately accurate. A far more accurate decision-making tool when considering the direct impact, would be to consider the budgets and forecasts of the project in isolation, without looking at overstated provincial projections.

<u>Comment to reliability of models:</u>

Mark Thoma is a macroeconomist and time-series econometrician at the University of Oregon. He published an article in CBS MoneyWatch (<u>https://www.cbsnews.com/news/why-are-economic-forecasts-wrong-so-often/</u>) which explains why forecasting is so hard and what can go wrong: **"***If the data used in creating a computer model are mismeasured...then forecasts will not be optimal. **And sometimes the necessary data don't exist**.*"

Modelling errors "come in several types. Important variables can be inadvertently omitted from the forecasting model. Or the variables may need to be adjusted to make them work with other variables. Sometimes the researcher assumes a relationship is approximately linear, but that may not be case at all. It's also possible to include too many variables in a forecasting model based upon their ability to predict the past. But if the only criteria for inclusion in the model is that ability to predict past events, the model will generally do very poorly if you use it to try to predict events that have yet to be observed."

Urban Econ state in correspondence that "It is also important to note that the value generated from the SAM model are **estimates** based on the intersectoral linkages informed by the Input-Output tables and Supply and Use Tables compiled by Stats SA and used in the formulation of the SAM along with household and business surveys conducted by Stats SA. They represent the **potential impact** that an investment may have on the economy based on the both the underlying data used to generate the SAM and the various assumptions made, both in respect of the SAM and with regards to the input data."

Given the margin for error in modelling, and the statements by Urban Econ in email correspondence that "The SAM is a Provincial SAM, so the impacts should be interpreted provincially" and " this information is available on the Franschhoek level for some information such as visitor numbers otherwise on a municipal level" it is doubtful that the model can be relied upon for decision making about Franschhoek.

Comments from Economics Editor of the Financial Mail, Claire Bisseker (full letter Appendix 1)

Claire Bisseker is the economics editor of the *Financial Mail,* where she has worked since 1995. She has won the prestigious Sanlam Financial Journalist of the Year Award twice, and the award for the economics category five times. Her passion for economics was ignited at the then University of Natal, where she was taught by Harvard economist Robert Klitgaard.

She writes "It is my contention, as the economics editor of the Financial Mail, that the socio-economic assessment done by Urban Econ for the proposed Franschhoek Skytram is deficient in that it fails to consider that a negative tourism substitution effect may occur.

It is my contention that the proposed cable car will alter the quiet, peaceful nature of the town due mainly to the traffic congestion and visual disturbance. My fear is that this may lead to some of the wealthier, long-stay visitors - including "swallows" (overseas visitors who rent or buy accommodation in Franschhoek and stay for several months of the year each year) - deciding not to return.

The proposed cable car will likely replace these high-end visitors - who typically dine out in restaurants in the village several nights a week and use a myriad of local service providers (including electricians, plumbers, hairdressers, painters, fitness instructors) and employ gardeners and domestic workers - with low-end day-trippers who will have a much lower spend per person.

The socio-economic assessment does not consider what the cost to the village would be if this substitution effect of low-end for high-end tourists were to occur and what it would mean for the sustainability of many of the small businesses in the village that provide basic services not related to tourism.

There is a very real danger, in my view, that the village would be economically worse off on a net basis if it lost its serene small-town atmosphere which high-net worth (especially foreign) visitors find so attractive. They are the economic lifeblood of this town, but the socio-economic assessment does not consider their motivation for repeatedly visiting Franschhoek or their spending patterns while in the town. It certainly doesn't ask any of them whether they think the town would be improved by a cable car.

The failure to consider these very pertinent questions and to merely rely on arms' length economic modelling is a glaring shortcoming of the socio-economy study, in my view."

<u>Conclusion to methodology</u>:
It is doubtful given the desire to portray a scenario that promotes the approval of the project whether any data has been included that allows for scenarios relating to the negative impacts of mass tourism caused by Skytram in the existing local economy.

It is irresponsible for any decision maker to take the output data **estimates** as reliable without having sight of the assumptions, multipliers and input data used to create one potential impact scenario. **By changing one or many of the multipliers or input data a completely different potential impact would be arrived at.**

3.1.2. Statement ref 2.2.3 Tourism page 17-19:

<u>Comment to impact of covid:</u>
It is surprising that Urban Econ would consider tourism statistics from 2021 suitable for decision making given the covid lockdown status was as follows (source: www.gov.za):
"*Adjusted alert level 1 is in place from 1 October 2021.*
The country is on adjusted alert level 2 from 13 September 2021.
The country was on adjusted alert level 3 from 26 July to 12 September 2021.
The country was on adjusted alert level 4 from 28 June to 25 July 2021.
The country was on adjusted alert level 3 from 16 June to 27 June 2021.
The country was on adjusted alert level 4 from 16 June 2021.
The country was on adjusted alert level 2 from 31 May to 15 June 2021.
The country was on adjusted alert level 1 from 1 March to 30 May 2021.
The country was on adjusted alert level 3 from 29 December 2020 to 28 February 2021."

This creates doubt as to whether the data used in the model contains similar or other significant oversights relevant to the region and sector.

Comment to projected over tourism/sustainable tourism:

By the report's own admission "*Off-Season: This season is between May to September, with accommodation often between 20 percent to 40 percent cheaper. High Season: This season is between October and April;* ***these months are often booked out months in advance, while restaurants and day tour operators are booked out for several weeks****.*" [accent added]

The report goes on to project that despite Franschhoek being admittedly FULL "months in advance", the project *"will result in the sustainability of total production in the accommodation sector by R84.51 million which will result in the sustainability of the gross domestic product by R29.01 million"* and have a direct contribution to accommodation of R32.92 million. This seems impossible given the already FULL status of accommodation in the peak season.

From the pre-A BAR page 55 "*The anticipated number of visitors for the proposed cableway facility in Franschhoek is anticipated to vary from a minimum of 120 visitors per day (during off-peak season e.g., July) to a maximum of 3 000 visitors per day over a 12-hour period during peak season (i.e. December/January/February).*" It is noteworthy that no consideration appears to be given to the negative impacts of increasing the tourism curve during the already full peak season. There is sufficient international data available from reliable sources which indicate the negative socio-economic impact excess tourism can have on small towns.

"Sustainable tourism refers to the environmental, economic, and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability" (UNEP & UNWTO, 2005: 11-12. *Making Tourism More Sustainable – A Guide for Policy Makers*). It is fair to conclude that sustainable tourism must therefore have more benefits than negative impacts. Worldwide there is a trend to ensure that the balance is found between creating a destination that is both pleasant for the tourist to enjoy and for the local community to live in by:

- Conserving the environment – wildlife, natural resources and other.
- Working with communities to conserve their heritage whilst creating authentic cultural experiences.
- Ensuring local socio-economic benefits
- Creating opportunities for the upliftment of residents of the destination
- By bringing tourists and locals together

These are the UN criteria for sustainable tourism. Skytram does not meet these criteria to any meaningful degree or at all.

3.2. Stakeholder Engagement:

3.2.1. Statement ref 2.3 page 20:

"*it was ascertained through stakeholder engagements that very little information is known and has been made available regarding Franschhoek Skytram and thus stakeholders were only able to* *provide limited information. It is acknowledged by Urban-Econ that once sufficient information has been received by the broader Franschhoek community that any concerns raised will be addressed and incorporated into the final report*".

Comment:

This statement shows clear recognition that the pre-A BAR has had inadequate community involvement in the project since planning it began five years ago to provide input and achieve the essential support from those who will be most affected by the proposed project.

Having the community involved is not only about "addressing concerns". It is about building a level of confidence, trust and support from those who will be most affected. The assumption that yet-to-be identified "concerns will be raised and included in the final report" is highly questionable since the community feeling is already that the die is cast on this project.

This statement undermines the validity of the entire socio-economic impact assessment and highlights the inadequacy thereof for the purpose of informed decision making.

3.2.2. Statement ref 2.3 page 20:

The below sub-section details the information that was obtained through stakeholder engagements.

Comment:

The stakeholder engagement sample is limited and therefore not representative of the views of all stakeholders because of its:

- Failure to consider impact of non-alignment to Brand Franschhoek
- Failure to consult retail sector
- Failure to consult luxury hospitality and tourism sector
- Failure to consult agricultural sector
- Failure to consider socio economic impacts of over-tourism
- Failure to consult residents and "swallows" - wealthy overseas visitors who own or rent property who contribute so much to the local (and regional) economy many of whom are active in social and other projects in the local community while they are here.

As Claire Bisseker, Economics Editor of the Financial Mail writes: "My fear is that this may lead to some of the wealthier, long-stay visitors - including "swallows" ... **deciding not to return**." [accent added]

3.2.3. Statement ref 2.3.6, 2.3.7 page 23:

Comment:

Only two adjacent landowners were interviewed. Others who were not interviewed but will be very much impacted include the residential estates of Fransche Hoek Agricultural Estate (the immediate, direct neighbour) and L'Avenue de Franschhoek, and businesses such as La Petite Ferme.

3.3. Traffic Assessment:

3.3.1. <u>Statement 2.4.1 page 23:</u>

Various statements from the pre-A BAR Traffic Assessment

<u>**Comment:**</u>

Comments on the Traffic Impact Assessment are not repeated here.

What is not commented on is the immense inconvenience to the local Franschhoek community as increased traffic throttles the Main Road in Franschhoek, intersections are blocked for lengthy periods and parking becomes unavailable to local shoppers at least during tourist high season.

The assessment does not appear to consider the impacts of the construction traffic to Franschhoek, which given the estimated 2-year duration, are bound to be significant.

3.4. Specialist Statements – Visual Statement:

3.4.1. <u>Statement 2.4.2 page 24:</u>

Various statements are repeated from the pre-A BAR Visual Assessment, including "<u>*the significance of the visual intrusion of the Upper Cable Station on:*</u>

- <u>*Sensitive Receptors would be high significance before mitigation and moderate after mitigation*</u>
- <u>*Sensitive Receptors would be high significance at the Lower Cable Station and moderate after mitigation*</u>
- <u>*Sensitive Receptors would be high significance from night light at the Upper Cable Station before mitigation and moderate after mitigation*</u>
- <u>*Sensitive Receptors would be moderate significance from night light from the night light from the Upper Station at the Lower Cable Station and moderate after mitigation*</u>".

<u>**Comment:**</u>

The Franschhoek community who will be most affected by the high and moderate visual intrusions are those residents who live on the Fransche Hoek Agricultural Estate (FHAE) and L'Avenue de Franschhoek and businesses close by including La Petite Ferme and L'Ermitage. It was not reasonably foreseeable by these residents who bought or built their homes in a quiet rural location that there would one day be a Table Mountain-style cableway and mass tourism in the immediate vicinity. With good reason, they do not believe it is possible to sufficiently mitigate the negative impact it will have on their lives.

3.5. Conclusion:

3.5.1. <u>Statement 2.5 page 26:</u>

"*<u>It was ascertained through specialist statements relating to traffic, noise, visual, (and agricultural) that the Skytram proposal is deemed …….acceptable</u>*"

<u>Comment</u>:

While this may be the view of the authors, as may be seen from comments on the Traffic, Visual, and Noise Impact Assessments, none of them are fit for the purpose of decision-making. It is all very well to identify a problem and say it will be mitigated by the developers while there is no solid commitment to doing so.

The severe flaws in the noise and traffic assessments are reason to conclude that the Franschhoek Skytram proposal is deemed to be unacceptable.

3.6. Policy Analysis:

3.6.1. <u>Statement 3.2 page 27:</u>

<u>Comment:</u>

Summaries are presented of the National Development Plan, National Tourism Sector Strategy, Western Cape Provincial Strategic Plan, One Cape, Cape Winelands Integrated Development Plan, Cape Winelands Spatial Development Strategy, and Stellenbosch Local Municipality Spatial Development Framework and is responded to by stating how Skytram will support their achievement at a high level.

The SIA states that "*<u>From a policy and planning perspective, there are no red flags with respect to the proposed Franschhoek Skytram"</u>* which is hard to believe given the project exacerbates the visitor to resident ratio in the village (not valley/region), a marker for unsustainable tourism.

Although the Public Participation Process for the application for Consent Uses for the Lower and Upper Stations has not begun, it is apparent from comments on the Town Planning Report that is part of the pre-Application BAR, there are most definitely "red flags" from a planning perspective.

3.7. Cable Car Understanding:

3.7.1. <u>Statement 4.1 page 34:</u>

<u>Comment:</u>

The upside of the Skytram appears to be overstated when Skytram is compared with Table Mountain cable car which is in one of the most desirable tourism destinations in the world on one of the most iconic mountains in the world (a World Heritage Site) with 360-degree views, and views of a second World Heritage Site, Robben Island.

It should be noted that the closest homes to Table Mountain's base station are approximately 500m rather than the 130m in Franschhoek. Homeowners in Fransche Agricultural Estate (FHAE) and L'Avenue de Franschhoek, high-end residential estates in close proximity to the cableway, could not possibly have anticipated the potential intrusion of Skytram.

3.8. Social Responsibility of the Franschhoek Skytram:

3.8.1. <u>Statement 5.2.2 page 41:</u>

<u>*"It is important for a transfer of skills to occur between the international cable car team and a local team in terms of its operation"*</u>

<u>**Comment:**</u>

Agreed, but a more definitive statement is required which identifies how many local (Franschhoek) people will receive training in which skills. Should the intention be to promote nature, and upskill locals, one example of how it has been sustainably done would be Grootbos near Hermanus (<u>https://www.grootbos.com/en/grootbos-foundation</u>)

3.8.2. <u>Statement 5.2.2 page 41:</u>

"<u>*In terms of social investment, 2% of annual ticket sales will be allocated for community development in Franschhoek and beneficiary communities through consultation with the Stellenbosch Local Municipality will be identified*</u>"

<u>**Comment:**</u>

An appreciated gesture (worth R1.15m in Year 1 increasing to about R3m by Year 10) but, when seen together with the 37 new jobs, is woefully insufficient make a significant difference to the Franschhoek community.

Infrastructural improvements which will be required include safety, medical emergencies, crime management, ablutions in the village, additional fuel station requirements, parking infrastructure for taxis and Ubers.

3.8.3. <u>Statement 5.2.2 page 41:</u>

"<u>*An annual contribution of R400k will be allocated to the Mont Rochelle Board for funding their management functions in accordance with the Management Plan (including wildfire management measures, walkways maintenance, biodiversity conservation)*</u>".

<u>**Comment:**</u>

This is not a socio-economic issue and is again mentioned under Fire Impact Assessment for purposes of building and maintaining firebreaks. The objective of this donation should be amended to be specifically directed at one or the other purpose. This will likely show that it is insufficient to cover any socio-economic functions.

Upon investigation, practice appears to be that businesses located inside nature reserves are required to pay a day permit or park fee per visitor. At the current rate of R70 per person, the fee for 3000 people is R210,000 per day. This is another illustration of how inappropriate the proposed R400k pa is.

3.9. Conclusion:

3.9.1. Statement 5.3 page 41:

"…..contribution and sustainability within the tourism sector would occur through local spending within various sectors such as trade, transport, accommodation and community services".

Comment:

Franschhoek is currently "*full*" during high season, so very little "new" money will be generated from accommodation.

Given the forecast traffic and parking problems associated with higher numbers of tourists, there is a low probability of restaurants and shops benefiting proportionately to the number of Skytram tourists.

Any tourism-related initiative which has the effect of "smoothing" tourism demand towards the shoulder and low seasons would likely be richly rewarded but increasing demand in the already extremely busy high season period risks Franschhoek entering the "over-touristed" status with negative effects for all including residents and businesses.

Amsterdam is a case study of a tourist destination which, for a long time, had a tourism policy to attract as many tourists as possible, until it realised that those tourists contribute only marginally to the local economy. In fact, their negative contribution was enormous including damage, disturbance, more wealthy tourists staying away, etc. In the past ten years the city has completely changed their tourism strategy focusing on high-end travellers instead. The moral is, it is not about quantity of tourists, rather it is about the quality. Amsterdam has now banned the building of new hotels.

3.10. Economic and Tourism Impact:

3.10.1. Statement 6.1 page 42:

"*This section will discuss the results of the SAM model (outlined in Section1)*".

<u>Comment:</u>

The use of SAM misleads and confuses the reader by giving an undeserved level of credibility of the socio-economic benefits that will flow from the project. Much of the revenue Skytram appears to create during operation is in fact revenue that will be displaced from elsewhere in the region or from other establishments in Franschhoek. It is not new revenue.

It is reasonable to assume 90+% of the Skytram income, especially in the summer months, comes from overseas visitors. They are in the Western Cape anyway regardless of whether there is Skytram. They have not come to the Western Cape because of Skytram. There is a wide variety of activities and attractions for overseas visitors in Cape Town and the Western Cape. Most of them do not stay for more than a week, if that. In that time, they cannot go to all the available activities and attractions. They make choices. Thus, the money a visitor spends on a Skytram ticket is not "new" money in the Western Cape. It is money that is here anyway and is not spent on some other activity or attraction. The claim it will all contribute to growing regional employment and GDP is, therefore, fallacious. In fact, very little of it will do so.

3.10.2. <u>Statement 6.2 page 42:</u>

"<u>*The SAM modelling approach has proven to be an effective method for evaluating the implications of introducing an exogenous change to the economy. …it is recognised internationally….it is based on national accounting statistics by Stats SA using primarily SA Reserve Bank Accounts data."*</u>

<u>Comment:</u>

The SAM approach is a method of presenting the interdependencies which exist within a socio-economic system, using data from disparate sources, typically at national level. The matrix reflects sectors, such as agriculture, and factors that apply to it such as unskilled labour, capex and so on. The SAM model is typically used to illustrate the impact of an external change at a national or regional level of a policy revision. It may be applied at a more granular level, to illustrate the impact of an exogenous change (Skytram) on a local economy (Franschhoek), provided that there is sufficiently detailed data on the local economy.

However, data from the SA Reserve Bank and Stats SA is not available below <u>provincial</u> level which then forces the assumption that the socio-economic system of Franschhoek is the same as the Western Cape which is not the case. This has led to false conclusions being reached such as the forecast financial benefits from the SAM model for Franschhoek being used to justify overriding sensitive Heritage and other considerations or to justify the project as being preferable to the No Go option and dismissing it as "unrealistic".

In some cases where information is available, comments are made within the contextualisation of the results descriptions to localise the conclusions such as "household income will remain mostly within the municipality" or employment data and Gross Value Add is indeed for Stellenbosch.

The bottom line concerning the SAM modelling approach is that, as with all forecasts but especially so in this case because of the levels of data used, the results need to be subject to careful judgement, bearing in mind the assumptions made to arrive at the conclusions.

3.11. Economic Impact – CAPEX:

3.11.1. <u>Statement 6.3 Table 12 page 46:</u>

159 jobs will be created for a period of one year.

<u>**Comment:**</u>

The split between local (Franschhoek), the wider Stellenbosch Municipality, elsewhere in South Africa and the overseas manufacturers needs to be specified.

3.12. Economic Impact – OPEX:

3.12.1. <u>Statement 6.3.2 page 47:</u>

<u>**Comment:**</u>

37 direct jobs will be created in the operational phase, presumably high season. What are the numbers in low season and in years 1 to 9?

How many of these jobs are permanent and how many are seasonal?

3.13. Tourism Impact Assessment:

3.13.1. <u>Statement 6.4, 6.4.1 page 48:</u>

"*<u>AL&A determined….</u>*"

<u>**Comment:**</u>

What basis was used to forecast the number of tourists by AL&A, the consulting engineers?
Year 10 in the table show 365,345 tourists rather than 484,000 cited elsewhere (page 21 2.3.2).
Which is it?

As discussed in the Traffic Impact Assessment, Skytram has the capacity for twice the anticipated number in season which would increase the passenger numbers by 3 x 93,000 per high season month to a potential total of 793,000 a year.

3.14. Synthesis:

3.14.1. <u>Statement 6.5 page 51:</u>

<u>**Comment:**</u>

As outlined earlier, the use of the SAM model output figures is highly questionable. At a minimum, this should carry a strong health warning resulting from the use of inconsistent data sources and the reminder about careful judgement being required.

3.15. Impact on Production (7.3), GDP (7.4), Employment (7.5) and Household Income (7.6):

3.15.1. <u>Statement Section 7 page 55:</u>

<u>Comment:</u>

As outlined earlier, the use of the SAM model output figures is highly questionable. At a minimum, this should carry a strong health warning resulting from the use of inconsistent data sources and the reminder about careful judgement being required.

3.15.2. <u>Statement 7.3 – 7.6, page 55 – 71</u>:

(via matrices)

During the development phase, impacts are Positive, Regional and Short term.

<u>Comment</u>:

Few benefits will accrue to Franschhoek during the development phase while there will be major disruption in terms of heavy-duty traffic and relocation of the construction teams to local residential areas, assuming that there is accommodation available.

Loss of income for restaurants and shops will likely be experienced for 1-2 years due to increased construction traffic.

The impact of helicopter and construction noise will be felt on adjacent businesses while real estate sales are likely to be further impacted.

There will be disruption and negative impact on established tourism businesses by digging up the length of the main road (Huguenot Street) to lay a power cable to the lower station exclusively for Skytram.

3.16. Impact on Tourism (7.7), Tourism Economy (7.8):

(via matrices)

3.16.1. <u>Statement 7.7 – 7.8 page 76 – 81:</u>

Long-term benefits forecast for the local tourism industry and long-term benefits for the regional tourism economy.

<u>Comment</u>:

There are serious reservations about the impact on local tourism for the reasons mentioned. Franschhoek's established reputation as a destination for high-end tourism establishments which account for most employment in the village will be adversely affected by the mass tourism of Skytram and will lead to the long-term decline in investment and employment in the village.

Comment to sustainable tourism:

The UNEP/WTO – Making Tourism More Sustainable – Guide for Policy Makers (https://www.e-unwto.org/doi/epdf/10.18111/97892844082140) warns that "tourism can:

- Place direct pressure on fragile ecosystems causing degradation of the physical environment and disruption to wildlife.
- Exert considerable pressure on host communities and lead to dislocation of traditional societies.
- Compete for the use of scarce resources, notably land and water.
- Be a significant contributor to local and global pollution."
- Be a vulnerable and unstable source of income, as it is often very sensitive to actual or perceived changes to the environmental and social conditions of destinations."

Contrary to these guidelines, as shown in comments made here on the Socio-economic Impact Assessment and on the Botanical and Traffic Impact Assessments and the Civil Services Report, Skytram will:

- Place pressure on the fragile ecosystem of the Mont Rochelle Nature Reserve;
- Exert pressure on the host community by over-tourism and generating traffic beyond the environmental capacity of Franschhoek;
- Compete with use of water from the local aquifer;
- Contribute to local pollution from increased and slow-moving or gridlocked traffic in the village;
- Provide unstable income from seasonal employment.

The UN/WTO Guidelines also speak to "**Congestion, especially at peak times, caused by the volume of visitors and/or their vehicles, can be a primary threat to community wellbeing**"–and to: **"Seasonality as a major issue for the sustainability of tourism."**

Conclusion: The Skytram does nothing to alleviate the tourism curve in Franschhoek and make tourism more sustainable. It threatens to do quite the opposite, which in the long term will have very serious socio-economic consequences for Franschhoek Stellenbosch Municipality like increased unemployment, a higher municipal infrastructure cost burden, more and more flats and houses in Franschhoek South being repurposed for short-term rental (e.g. AirBnB), fewer and fewer permanent residents so it is no longer viable as a residential community.

Policymakers should focus their attention on encouraging diversification in investment in Franschhoek to make the economy less reliant on tourism and therefore more sustainable.

3.17. Impact on Sense of Place, Visual (7.9.3), Night Lights (7.9.4), Traffic (7.10):

3.17.1. Statement 7.9 page 82 - 101:

Largely negative moderate over long-term.

Comment:

Agreed as being largely negative across the board, most felt by owners and businesses.

3.18. Impact on Community Social Responsibility:

3.18.1. Statement 7.11 page 102:

Positive over long term as a result of 2% of annual ticket sales donation. (R400k pa donation to Mont Rochelle Nature Reserve. See previous comment re double counting with Fire Assessment).

Comment:

The 2% of ticket sales ranges from R1.15m in Year 1 to R3 m in Year 10 by our calculations. This figure is negligible in relation to the size of the business and its social responsibility. Should be increased.

No need for the developer to develop and implement a social development plan which already exists in numerous forms within the Franschhoek Valley.

The R400k pa contribution to Mont Rochelle is not a socio-economic issue. It should be seen as a cost of developing and maintaining the essential infrastructure to offer specified activities and to fight fire in Mont Rochelle Nature Reserve.

3.19. Impact on Social Conflicts:

3.19.1. Statement 7.12 page 104:

A real risk which needs to be managed.

Comment:

Franschhoek has a history of xenophobic incidents. As discussed in Section 7.12 of the draft pre-Application BAR, the project will attract many migrant workers who will arrive hoping to find employment. They will compete for housing, education, healthcare, and other services and facilities which cannot meet current demand.

In the pre-construction and construction phases (2003 to 2007) of the Berg River Dam in consultation with the community from an early stage, a Franschhoek First employment and training policy, and monthly meetings with management and representatives of local communities and interests went a long way to addressing these kinds of incidents.

3.20. Cumulative Impact Assessment:

3.20.1. Statement 7.14 page 3.26:

Mitigation and enhancement measures proposed have the capability to not only enhance positive impacts but ensure that any resulting negative social impacts are managed and will not result in unacceptable loss, unacceptable risk or complete change to the environment and an unacceptable increase in impact.

<u>Comment</u>:
Disagree, the reasons will not be repeated here.

3.21. Decommissioning Phase Impacts:

3.21.1. <u>Statement 7.15 page 110:</u>
Confirms that the decommissioning will return the site to the status quo.

<u>Comment</u>:
Confirmed, acceptable subject to understanding how this will be enforced and financed and how it will ensure that the rehabilitation is to an acceptable standard. The lease granted by the Municipality must include decommissioning obligations guaranteed by the investors.

3.22. Specialist Declaration:

3.22.1. <u>Statement App A page 110</u>:

<u>Comment:</u>
Not completed nor signed.

________________________end of comments_______________

Written by:
Alastair Wood has owned Glenwood wine estate since 1984.

Edited by:
Barry Phillips is the Co-Chair of the FHRPA, Chair of the FHRPA Heritage Committee and a Franschhoek resident since 2001.

Appendix 1

4 May 2024

To whoever it may concern

<u>RE: Comment on the Socio-Economic Impact Assessment of the Franschhoek Skytram</u>

It is my contention, as the economics editor of the Financial Mail, that the socio-economic assessment done by Urban Econ for the proposed Franschhoek Skytram is deficient in that it fails to consider that a negative tourism substitution effect may occur.

It is my contention that the proposed cable car will alter the quiet, peaceful nature of the town due mainly to the traffic congestion and visual disturbance. My fear is that this may lead to some of the wealthier, long-stay visitors - including “swallows” (overseas visitors who rent or buy accommodation in Franschhoek and stay for several months of the year each year) - deciding not to return.

The proposed cable car will likely replace these high-end visitors - who typically dine out in restaurants in the village several nights a week and use a myriad of local service providers (including electricians, plumbers, hairdressers, painters, fitness instructors) and employ gardeners and domestic workers - with low-end day-trippers who will have a much lower spend per person.

The socio-economic assessment does not consider what the cost to the village would be if this substitution effect of low-end for high-end tourists were to occur and what it would mean for the sustainability of many of the small businesses in the village that provide basic services not related to tourism.

There is a very real danger, in my view, that the village would be economically worse off on a net basis if it lost its serene small-town atmosphere which high-net worth (especially foreign) visitors find so attractive. They are the economic lifeblood of this town, but the socio-economic assessment does not consider their motivation for repeatedly visiting Franschhoek or their spending patterns while in the town. It certainly doesn’t ask any of them whether they think the town would be improved by a cable car.

The failure to consider these very pertinent questions and to merely rely on arms’ length economic modelling is a glaring shortcoming of the socio-economy study, in my view.

Warmest regards

Claire Bisseker

Economics Editor

Financial Mail