

# **ECONOMIC OPINION FOR THE PROPOSED MINING OF MINE STONE AGGREGATE/GRAVEL ON FARM RIETSPRUIT IN MPUMALANGA**

**Economic Opinion**

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# 1. Introduction

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This write-up forms an economic opinion by Urban-Econ Development Economists with regards to the proposed mining of mine stone aggregate or gravel on a portion of Portion 15 on Farm Rietspruit 437, IS, Msukaligwa Local Municipality in Mpumalanga Province. The economic opinion is based on the potential economic impacts that will derive from the proposed mining activities. It is important to note that the opinion is only formed from the information provided by die client and not a full impact assessment.

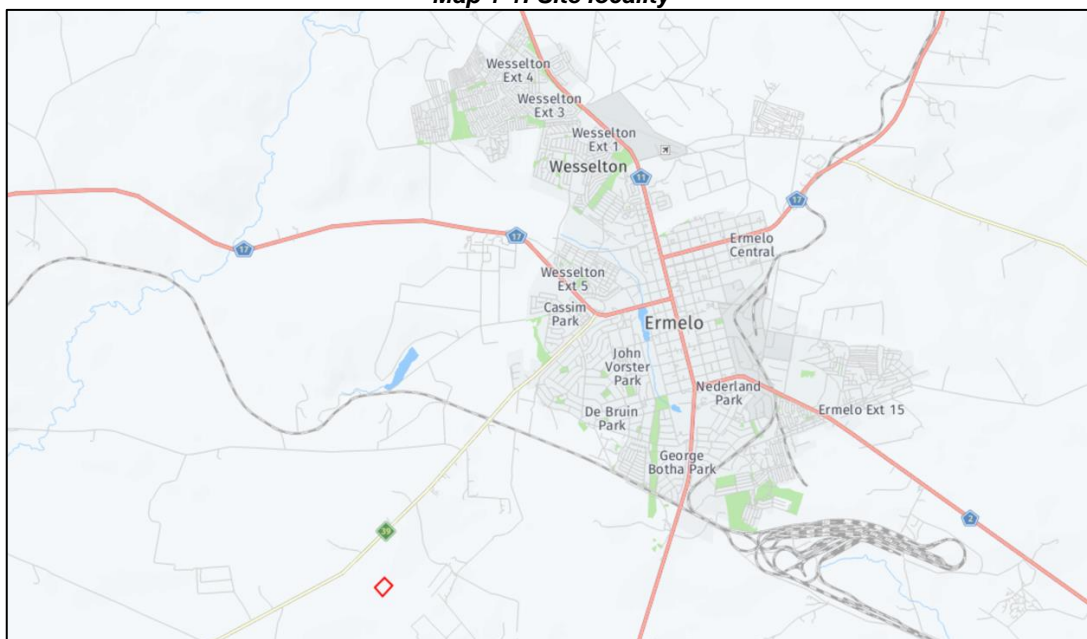
## 1.1. Brief Description of Project

Inzalo Crushing and Aggregates (Pty) Ltd (hereinafter referred to as “the Applicant”), applied for environmental authorisation (EA) and a mining permit to mine aggregate/ gravel on a portion of Portion 15 on the Farm Rietspruit nr 437, IS Msukaligwa Local Municipality, Mpumalanga Province.

The proposed mining footprint will be 4,9 ha and will be developed over an undisturbed area of the farm. The mining method will make use of blasting in order to loosen the hard rock; the material will then be loaded and hauled to the crushing plant where it will be screened to various sized stockpiles. The aggregate will be stockpiled until it is transported from site using tipper trucks. All mining related activities will be contained within the approved mining permit boundaries.

The proposed mining area is approximately 4,9 ha in extent and the applicant, intends to win material from the area for at least 2 years with a possible extension of another 3 years. The gravel to be removed from the quarry will be used for construction industry in the vicinity. The depth of the quarry will be approximately 35m with a possibility of going deeper. The proposed quarry will therefore contribute to the upgrading / maintenance of road infrastructure and building contracts in and around the Ermelo area.

**Map 1-1: Site locality**



## **2. Opinion on Potential Economic Impacts**

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The following section will identify the potential impacts that could be result from the proposed development. Due to the nature of the project, which involves very limited construction activities, only the operational/mining phase will be discussed as well as the decommissioning/closing phase.

- **Sustainable increase in the national and local economy:**

The proposed project will cost R25 000 000 to establish. The operational cost per month during the day shift is approximately R4 000 000 while the double shift will be R7 000 000 per month. The localised expenditure on the project will stimulate the local and regional economies. It is estimated that the project will increase the GDP directly in the region. The injection in the economy is positive with an estimated significance of low to medium.

- **Sustainable increase employment in the local and regional economies:**

The project is estimated to employ 35 people running the single shift and 43 people during the double shift. Due to the size of the project, the impact is categorised as a low to medium significance but will definitely have a positive impact in terms of employment creation.

- **Increase in household earnings:**

The increase in household earnings will have a positive effect on the standard of living for these households. This is especially applicable to the households benefitting from the project that reside in the vicinity and benefit from being employed at the business. The impact is positive and will have a low to medium significance.

- **Temporary increase in government revenue:**

The investment in the facility will generate revenue for the government during the operational period through a combination of personal income tax, VAT, companies' tax etc. Additional government revenue will also be earned through corporate income tax. The impact is estimated to have a low to medium significance and will have a positive result.

- **Increase in production of mine stone aggregate or gravel:**

The increase of mine stone production will have a positive impact and is estimated to have a low to medium significance.

- **Impact on agricultural activity:**

It is evident from the map that there is a farm house nearby the site. The mine will be operating 24 hours a day, meaning that the impacts of blasting, heavy machinery and associated operational activities (dust and noise) will have a full-time effect on the residents, farming infrastructure and activities, this will have a negative economic impact. This will potentially affect livestock nearby as the operational activities will disturb the animals. The full impact and possible mitigations should be done by the noise and dust specialist to determine the accurate impacts of the operational activities. The impacts will be negative and is estimated to have a low to medium significance.

- **Impact on existing mining and quarrying activities:**

It is evident that there are several other quarrying and mining activities surrounding the site to the south and western parts. Rietspruit crushers is an established South African mining company that has been in operation since 1960. They have become an industry leader in open cast mining and the crushing of dolerite stone. The proposed mining project could negatively affect the existing operations by being a competing venture and could lead to job losses at competing businesses. However, it is very important to note that the impact can only be confirmed and quantified through a detailed feasibility study. This impact is seen as negative with an estimated low significance as potential job losses could be offset with new employment opportunities at the proposed Rietspruit quarry.

- **Decommissioning Phase Impacts:**

Upon the expiry of the mining project lifespan and licence, the facility would need to be disbanded/decommissioned. If the facility is decommissioned, the land will be rehabilitated in order to return it to pre-project conditions. This also means that all impacts whether positive or negative, which take place during the operation phase will cease to exist. At the same time spending on the disassembly of the components and rehabilitation of land will increase the demand for construction services and other industries, thus stimulating economic activity in the local area, albeit over a temporary period.

### 3. Summary

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It is evident that the proposed mining project will generate both positive and negative impacts during the operational period. The following paragraphs and tables summarise the key economic impacts that were identified to have the potential to occur.

**Table 3-1: Summary of operational phase impacts resulting from the facilities**

Impact	Nature of Impact	Significance
Sustainable increase in the national and local economy	Positive	Low - Medium
Sustainable increase employment in the national and local economies	Positive	Low - Medium
Increase in household earnings	Positive	Low - Medium
Temporary increase in government revenue	Positive	Low - Medium
Increase in production of mine stone aggregate or gravel	Positive	Low - Medium
Impact on agricultural activity	Negative	Low - Medium
Impact on existing mining and quarrying activities	Negative	Low

The net positive impacts associated with the development and operation of the proposed mining project are expected to outweigh the net negative effects. The project is also envisaged to have a positive stimulus on the local economy and employment creation, leading to the economy's diversification and a small reduction in the unemployment rate. The negative economic impact that will need to be addressed is the fact that the proposed project is planned to operate 24 hours a day, this will have an impact on nearby residents and disturbing livestock in close vicinity leading to a negative economic impact. It is important to note that the economic opinion of the proposed mining project is based on available information and not a full economic impact assessment.