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Knock-on effect likely in waterfront job creation

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THE addition of 120000 jobs for the Nelson Mandela Bay Metro is definitely impressive (“Bay in strong bid for waterfront development”, The Herald, November 2).

Before delving into the debate on the figures articulated by councillor Dean Biddulph in the letter, “We need to see action on waterfront idea” (The Herald, November 5), and “How will waterfront create 120000 jobs when the V & A waterfront only have 12270?” by Ed Richardson (The Herald, November 11), let’s first consider the value of a waterfront development.

It is definitely agreed such a development would be “wonderful for PE” and has the real potential to transform Port Elizabeth into an iconic city. A waterfront is a key puzzle piece to PE being a destination city.

There is a strong case for the further growth and development of PE’s economy. The Eastern Cape is still one of the most underdeveloped regions, facing the highest provincial unemployment rate of 29.8%, and having some municipalities in the province facing as much as 77% unemployment. However, vibrant secondary and tertiary sectors have developed in the Nelson Mandela Metro and Buffalo City – with the Nelson Mandela Metro providing some of the few sustainable job opportunities in the region.

The job creation figures that have been recently questioned in the media need to be understood for what they are. An internationally credible research company, Grant Thornton, was commissioned to conduct an economic impact study for the development of a waterfront and various other CBD areas in Nelson Mandela Bay. This was to inform the Department of Public Enterprises’ decision process to move the manganese ore dumps and petrol tank farm from the harbour, which is critical to unlocking the land for any future development.

The work done by Derek Zimmerman is acknowledged and it is part of the depository of information in the Mandela Bay Development Agency that is valuable.

The study assumes construction would begin in 2014, when one of the facilities would have been moved, and be completed by 2030, and all calculations are done using 2006 rand values. The research was undertaken in 2006, before the recession, although recent research has shown the PE property market continues to generate good value.

The study was also based on a maximum development scenario, which included the Moreton Bay and Humeral sites.

Employment figures are estimated based on the amount and nature of the expenditure, looking at direct, indirect and induced expenditure due to the waterfront development.

Direct employment results from the hotel employees, shop assistants and operational personnel employed at the waterfront and elsewhere where the related direct spend occurs. Indirect employment is the increase of employment in businesses providing services and products to the waterfront, for example businesses producing food for hotels and restaurants.

The induced employment results from waterfront employee spending, for example an increase in plumbing jobs due to an increased need for such a service.

The methodology uses an expenditure multiplier – for every rand spent the resulting number of jobs can be estimated. This factor would be different depending on the sector and the diversity of the region’s economy.

Thus Grant Thornton has estimated provincial and metro expenditure multipliers based on the multipliers published by the South African Central Economic Advisory Service, including analysis of the national accounts for 2002-2004. As the employment impacts are very different for different industries, different multipliers have been applied for office based operations, fishing industry and retail, trade and accommodation.

Thus, 120000 jobs are supported annually from a total direct expenditure during operations of R27.5-billion, and are comprised 60% for trade and catering, 30% for industry and 10% office

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operations. The R27.5-billion consists of expenditure in retail, restaurant and entertainment; expenditure of residents on property levies, food and services; the total turnover from office businesses; the spending from tourism; and the expenditure in industry and fishing.

The estimated job creation for Port Elizabeth far exceeds the 12000 jobs said to be a result of the V and A Waterfront, however the research methodologies need to be compared to substantiate this difference.

Scepticism and credibility may well be valid when considering the many years that a waterfront development has been "in the dock", however with Transnet publicly committed to decommission the manganese and fuel facilities, the steps toward transforming are given stamina. Such a development would add diversity to PE's economy, complimenting the Port of Ngqura, and building the city as a business and tourist destination.

The methodology and the figures will always be in question, but the goal of creating a waterfront with sustainable jobs remains the guiding light.


To keep the public informed, there will be a public information sharing meeting on Thursday at 10am at the Algoa Bay Yacht Club. Derick van der Merwe, the former chief executive of the Cape Town Waterfront Company, will be sharing experiences and insight on how the V and A Waterfront was established.

This session, we hope, will illustrate how the iconic Cape Town Waterfront emerged from humble beginnings and the lessons we can learn as we march forward. - Odwa Mtati, Walmer, Port Elizabeth

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By: [Hangmann](#)

On: 2010/11/22 12:16:27 PM

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It's not going to help if peole have to defecate on the beaches and parking lots due to budget cuts. If one can't control the simple things there's not much hope for big programmes.

By: [thabol](#)

On: 2010/11/22 01:26:15 PM

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By: [fishboy](#)

On: 2010/11/23 10:05:19 AM

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Port Elizabeth desperately needs something to attract people here. As it is now it is a transit point to travel somewhere more interesting and pleasant. The ANC has run down all the attractions like Bayworld and a visit to Sardinia finds one's car smashed open. Would this be another dead duck like the Boardwalk?

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