Socio-economic Impact Study for the Shutdown and Repurposing of Komati Power Station

Virtual launch: MS Teams
15 November 2022
Purpose of the webinar

• The **Socio-Economic Impact Study for the Shutdown and Repurposing of Komati Power Station** has been completed and has been made available for comments.

• The study is now in the outcomes consultation phase to obtain feedback from stakeholders.

• The **purpose of this webinar** is to present the findings of the study and allow participants to engage with the research team and Eskom.
Structure of webinar

Structure:

Presentation → 5-minute break → Q&A session → End

House rules:

• The presentation will be delivered in **full** during which all participants will be muted.
• Use the **chat room** or **Q&A tool** to provide inputs.
• **Raise your hand** during discussions to be unmuted.
• **Constructive and level-headed** discussions are encouraged.
1. Project objectives, components and methodology
2. Baseline profile of study area
3. Impact analysis without mitigation
4. Mitigation strategy and implementation plan
5. Conclusion
PROJECT OBJECTIVES, COMPONENTS & METHODOLOGY
According to IRP 2019:
- By 2030, 10 500 MW of electricity from coal will be decommissioned by Eskom

Eskom’s JET vision:
- Reach net zero carbon emissions by 2050 coupled with an increase in sustainable employment opportunities

Komati coal-fired operations are to be shut down in 2022:

Study rationale stems from the closure of the power station

Komati PS: Beginning 2020
- Units operational: 4 out of 9
- Capacity: 450 MW

Komati PS: End of 2022
- Units operational: 0 out of 9
- Capacity: 0 MW
A socio-economic study was commissioned in 2020 for Komati, Hendrina and Grootvlei Power Stations

When Generation Board commissioned the impact assessment studies, the questions raised were:
- How will the workers and communities be affected? How many will be affected?
- What will happen to the affected employees?
- What will be the impact on jobs?
- How do we engage our stakeholders?

Purpose and scope of the study:

**Purpose:**
To undertake a socio-economic impact assessment and develop a mitigation strategy to identify impacts, risks and opportunities to manage and mitigate the socio-economic impact of the KPS shutdown.

**Objective:**
- Identify and assess impacts
- Determine risks
- Identify opportunities
- Formulate sustainable mitigation plan
Study comprised five components

- HR plan devised by Eskom HR Department
- Monitoring and evaluating system
- Reporting and processes
- Socio-economic development strategies for PSs
- Partnership and collaboration
- Financing mechanisms
- Implementation plan and cost
- Roles and responsibilities
- Engagement with stakeholders and data gathering
- Stakeholder analysis
- Stakeholder engagement plan
- High-level communication plan
- Protocols
- Baseline profiling
- Socio-economic impact assessment
- Engagement with stakeholders and data gathering
- Mitigation measures (opportunities)
- Risks assessment
Study boundary was divided into four areas

Immediately affected communities and primary study area (PSA) – feeder communities in Ward 4

Immediate zone of influence
- Komati/Koornfontein Village

Primary study area:
- Goedehoop (now Goedehoop South)
- Banks (now Goedehoop North)
- Blinkpan
- Big House Informal settlement
- Sizanane (no longer exists)

Steve Tshwete (feeder area – Hendrina, Rietkuil, Middelburg)
Nkangala DM (feeder area - Emalahleni, Kriel)
Rest of Mpumalanga (feeder area – Bethal, Standerton)
Rest of SA (feeder area - Gauteng)

Secondary and tertiary study areas - feeder communities outside Ward 4
Extensive data collection was conducted to inform the study.

- **Eskom and power station**: SAP data, CSI, HR data, JET plans
- **Households’ survey**: 80 HHs were surveyed in the immediate communities: Komati/Koornfontein Village
- **Community interviews**: 4 meetings attended by community representatives
- **Business and social facilities**: 7 local businesses, 31 business along the supply chain
- **Government and prominent SHs**: MCCI, Nkangala DM, Steve Tshwete LM, DEDT, the dtic, MWCB, DBSA, Minerals Council, GreenCape
- **Stats SA and GIS data**
- **Government policies, strategies and plans**

Studies conducted for repurposing and repowering of the power station.
BASELINE PROFILE OF STUDY AREA
The baseline of Mpumalanga Province was evaluated to inform impact assessment and mitigation strategy.

- Mpumalanga’s economy is highly reliant on the coal value chain.
  - Shutdown of the power station will have a far-reaching negative effect on the lives of directly and indirectly affected communities.
- Provincial government focuses on creating new opportunities:
  - Diversifying the economy from its dependence on the coal value chain
  - Repurposing of mine land for agricultural use
  - Use of coal ash to manufacture cement and railway – to transport the product
  - Support labour-intensive industries, such as farming and agro-processing enterprises
- The areas where the power stations are located have limited tourism potential relative to the north-eastern side of Mpumalanga, but is rich in mineral resources and have access to strategic routes (N4, N11, N12, and R555).
- Major challenges identified:
  - High unemployment, especially amongst youth
  - Relatively low access to piped water inside dwellings, flush toilet facilities and removal of municipal waste
  - Relatively low education levels which limits job seekers (particularly youth) to be gainfully employed

**Statistics:**
- R841 532 m worth of production generated by businesses located in province
- R360 873 m of GDP created by businesses located in the province
- 1 112 708 employed
- R16 846/month average HH earned income

**Source:** calculated from Quantec (2020)
The baselines for Nkangala DM and Steve Tshwete LM was evaluated to inform impacts and mitigation measures

### Nkangala DM

- **R147 109 m** of GDP created
- **391 299** employed
- **R17 352/month** average HH earned income

### Steve Tshwete LM

- **R40 941 m** of GDP created
- **93 452** employed
- **R24 925/month** average HH earned income

**Both Nkangala DM and Steve Tshwete LM are economic hubs** attracting labour from various areas due to the coal value chain.

**The area is coal-rich** and hosts most of the coal-fired power stations industries that are subject to life spans which raises the need for more economic diversity.

**Opportunities** for diversifying the economy include:

- Consideration of the agriculture and tourism sectors (potential to employ large numbers of relatively unskilled workers)
- Promotion of SMMEs, cooperatives and informal traders
- Strategic routes such as N4, N12, and N11 which have opportunities across sectors such as agriculture, manufacturing, storage and transport business, wholesale trade and accommodation

**Challenges** experienced in the municipalities include:

- Low education completion levels and insufficient skills which contribute to the unemployment and low-income necessitating skills development and training programmes
- Poor financial health of municipalities limiting capacity to invest into local economic development necessitating alternative sources of funding

Source: Calculated from Quantec (2022)
The **PSA profile** was used to assess the potential impacts of the KPS shutdown and identify mitigation measures

### PSA profile

- **Population:**
  - Under 4 200 people (1 904 HHs) lived in 2011
  - Since 2011, *Sizanane closed* and *population in Banks reduced*; Komati Village – remained the same

- **Large proportion of males** in the PSA – in 2011, 60.8% of population was male

- **Most residents are aged between 35 and 44 years**

- **Below average education** – majority no schooling or some schooling

- **Dominance of low skill levels**

- **Largest employers** – mining, utility and agriculture

- **Most community members have resided in the region for at least 16 years**

- **Communities in the PSA are very engaged and involved** with one another

### Key strengths

- **Endowed with mineral resources**

- **Moderate and high potential arable land**

- **Transport linkages** to Emalahleni and Middelburg, Mbombela and Johannesburg

- **Large tracks of land owned by mining houses**

- **Moderate solar resource potential**

### Key weaknesses

- **Dilapidated built environment**

- **Below average access** to basic services

- **Health-related problems:** chronic illness, malnutrition, HIV and AIDS, TB

- **Social ills:** drug and alcohol abuse, and prostitution

- **Unemployment:** frustration among the youth

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*Note: Census 2011 data was used due to the unavailability of more recent ward-level data when baseline was developed.*
KPS primarily sourced goods and services from Mpumalanga and supplied water to the local communities in 2020.

### Where are goods and services procured from (excluding labour)?

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest of Mpumalanga</td>
<td>70%</td>
<td>Rest of Mpumalanga (mainly Emalahleni, Middelburg, Ogies, Bethal, Clewer, Ermelo, Ga-Nala, Hendrina, Kabokweni, Kriel, Thubelihle, Standerton)</td>
</tr>
<tr>
<td>Rest of SA</td>
<td>30%</td>
<td>Rest of SA (mainly Gauteng but also from KZN and Western Cape)</td>
</tr>
<tr>
<td>PSA</td>
<td>-</td>
<td>PSA (no goods and services procured locally)</td>
</tr>
</tbody>
</table>

### What sectors do the operations of KPS contribute towards?

- **51%** Mining
- **33%** Trade
- **4%** Government services
- **4%** Financial and business services
- **3%** Construction

### What services are provided by the PS directly and to who?

KPS supplies water to:
- Komati Village: 45 ML/month
- Lakama Group (Komati Village): 1.5 ML/month
- Koornfontein mine: 8 ML/month

Owns 2 properties in Komati village
Shutdown of KPS may have impacts on coal mining and transportation industry

The shutdown of KPS may reduce demand for goods and services, negatively impacting business along its supply chain

- Coal is diverted to KPS under existing contracts with other PSs
- Coal supply to KPS supported employment – shutdown may affect employment in the industry
- KPS receives coal supplies via road transportation
- Road transportation of coal supports employment opportunities

2020 figures

873 kt supplied to KPS (0.7% of coal purchased by Eskom during the year)

321 jobs supported by coal supply operations at KPS (0.4% of industry total)

82* truck trips per month to supply KPS with coal

41 jobs supported by delivery of coal to KPS

*Assuming one truck carries 33 tonnes of coal, which translates in 2 205 truckloads on average per month. Also assumes one truck makes one trip per day.
Eskom permanent employees amounted to 276 individuals, 231 ERI employees and 303 sub-contractors were employed through other companies but working on site in 2020.

**Eskom Permanent Employees**

- **276 permanent employees**
  - 52% males and 48% females
- **Majority aged below 45 y/o**, and minority (5.2%) close to or at pension age
- Fairly young, productive and experienced population with flexibility and a higher chance of mobility elsewhere
- Many skills sets (technicians, engineers, operators) are reusable allowing for shifts to different technologies

**Eskom Rotek Industries (ERI) Employees**

- **231 ERI employees**
  - 167 (72%) male
  - 64 (28%) female
  - Mostly work as operators (33%), utilityman (14%), general workers (12%) and artisans (10%)
  - ERI permanent employees can be transferred to other sites/operations

**Contractors**

- **303 contractor employees**
  - Alternatives will need to be considered through engaging external contractors

Note: KPS employee composition is reflective of 2020 situation when the study commenced.
Holistic stakeholder engagement approach was followed to validate the findings and seek inputs

- Extensive stakeholder engagement has been undertaken as part of the study
  - Local community involvement, and empowerment - through collective and participative approaches to solving the problem
  - Engagement and inclusion of stakeholders: the dtic, DPE, DMRE, Mpumalanga, District and Local government, Municipalities, NGOs, CBOs, local communities, DFIs, funders, etc.

- Potential partnerships
Concerns raised by stakeholders were used to inform impact assessment.

- Basic services needs increase
- Loss of business revenue
  - Provincial sustainability
  - Ghost town
  - Mine closures
    - Land rehabilitation
    - Limited ECDs
    - Informal settlement mushrooming
- Loss of income
  - Property value decreases
  - Crime increases
  - Tax base shrinkage
- Substance abuse
  - CSR projects halting
  - Migrant influx
- Local skills deficit
- Access to water
Recommendations made by stakeholders were used to inform proposed mitigation measures.

- Reskilling/upskilling
- ICT barrier removal
- Infrastructure retention
- Improve basic services
- PPPs
- Stakeholder engagement
- Community participation
- Community ownership
- SMME development
- Collaboration
- Alignment with JET
IMPACT ANALYSIS WITHOUT MITIGATION
A Theory of Change principal was applied to develop a causal chain of events and impacts that would be triggered by the shutdown. This allowed identification of “root causes” of impacts that need to be prioritised for mitigation.
Impacts were measured according to their significance

- Significance (S) of each impact calculated by evaluating its Extent (E), Duration (D), Magnitude (M) and Probability (P)

- Formula used: \( S = (E+D+M) \times P \)

- Interpretation of significance rating:

<table>
<thead>
<tr>
<th>Positive</th>
<th>Rating</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact slightly improves the social stability of the area and has a limited direct influence on future development decisions</td>
<td>Low</td>
<td>Impact does not influence the social stability of the area and does not have a direct influence on future development decisions</td>
</tr>
<tr>
<td>Impact could noticeably improve the social stability</td>
<td>Low to medium</td>
<td>Impact could noticeably affect the social stability and may need to be mitigated</td>
</tr>
<tr>
<td>Impact would significantly improve the social stability of the area</td>
<td>Medium</td>
<td>Impact would threaten the stability of the area and requires targeted mitigation</td>
</tr>
<tr>
<td>Impact will secure the social stability of the area</td>
<td>High</td>
<td>Impact is devastating and must be mitigated</td>
</tr>
</tbody>
</table>
No mitigation scenario: The majority of the impacts linked to KPS shutdown will be of medium significance.

Most of economic impacts will be concentrated in the province, while social impacts – in the LCs.
No mitigation scenario: Economy, communities and workers will be negatively impacted as a result of a shut down (impact in 2020 figures)

Workers

- Maintained 810 jobs on site in 2020
  - 257 jobs at risk, 19* positions to remain to maintain existing infrastructure
  - 231 ERI-related positions at risk
  - 303 contracted positions at risk
  - 791 jobs on site at risk

- Of the 810 jobs that were supported in 2020 at KPS on site, 276 jobs were direct and 534 were indirect (i.e. created through contracting for services).
- Of these, an estimated 19 would be retained to maintain infrastructure with 791 jobs being at risk.

Economy

- Contributed R1.74 bn towards GDP in 2020
  - R30 m of GDP will be retained in the economy to maintain infrastructure
  - R321 m of GDP at risk in the community and further R1 390 m in Mpumalanga and rest of SA
  - R1.71 bn in GDP in SA at risk
  - 4 166 jobs at risk, including 791 jobs on site

- The economy of Steve Tshwete LM will be reduced by 0.7% relative to 2020 baseline.
- The economy of Mpumalanga will drop by 0.1% relative to 2020 baseline.
- Indirect jobs include jobs created among KPS suppliers and suppliers to KPS suppliers.
- Employment in Mpumalanga could drop by 0.3% relative to 2020 position.

Community

- 41 HHs directly dependent on KPS jobs
  - 38 of 41 HHs in the community could lose sustainable HH income
  - About R19 m of HH income at risk in the community
  - Loss of income for 38 HHs in the community

- Most of individuals employed at KPS and the contracted workers were residing in feeder communities (outside Ward 4).

*Preliminary estimated number of jobs to remain at KPS following shutdown
MITIGATION STRATEGY AND IMPLEMENTATION PLAN
Mitigation strategy philosophy is based on six key principles

Alignment with Just Energy Transition (JET) vision and principles for South Africa
- Affordable, decentralised, diversely-owned renewable energy systems

Integration of Just Energy Transition (JET) strategy of Eskom
- Repurposing and repowering projects that have low carbon footprint, stimulate economic development and create employment opportunities for communities

Lessons learned from coal-fired power stations’ repurposing case studies in other countries
- Planning ahead of time; partnerships and collaborations; use of public and private funding sources; use of clean energy and energy efficient technologies; application of green building practices; fit-for-purpose solutions that consider location pros and cons; involvement of communities and local government

Alignment with government priorities and strategic objectives
- Ensure alignment with the government priorities and to enable tapping into government programmes and initiatives that can facilitate implementation of interventions and projects

Partnership and collaborative approach
- Responsibility for strengthening and developing of communities is shared among various private and public sector stakeholders; it thus requires a partnership approach with all stakeholders (communities, government, NGOs, private sector, organised labour) coming together and collaborating

Consideration of other initiatives and interventions by private and public sector
- Consideration is given to other interventions implemented in Nkangala DM
Komati PS mitigation strategy comprises of five pillars and is driven by repurposing and repowering initiatives.

**Stabilise**

Stabilise the local economy by setting up new economic activities and creating new jobs in the community through

Focus:
- Repurposing and repowering (R&R) projects focus
- Economic opportunities

**Strengthen**

Strengthen the communities by addressing the existing gaps and challenges in the community

Focus:
- Basic services infrastructure
- Health and education
- Communication
- Sports and leisure facilities

**Grow**

Facilitate growth of SMMEs and economy through localisation of supply chains and other business opportunities created by R&R

**Develop**

Reskill, upskill and develop new skills among power station employees and local community workforce

Focus:
- PS’s permanent employees
- ERI employees
- Contractors
- PSA workforce

**Communicate**

Communicate plans and engage with stakeholders throughout project life cycle
There is a clear link between the mitigation strategy pillars and community capital framework used throughout the study:

- **Human capital**
- **Develop**
- **Stabilise**
  - Financial and economic capital in community
- **Grow**
- **Strengthen**
  - Built capital
  - Social and cultural capital

**Financial and economic capital in broader economy**
Mitigation strategy and implementation plan aligns with E-JETP

Component A: Decommissioning

Component B: Repurposing
- 150 MW Solar PV
- 150 MW Battery
- 70 MW Wind

Component C: Opportunities and support
- Eskom Workers
- Community Development
- Stakeholder Engagement

Eskom is the process of engaging government to champion and fund community/local area development projects under Component C through:
- Presidency Just Energy Transition Partnership (JETP) IP
- Mpumalanga MoA
- Other Government platforms

*Community development projects are at concept phase
Stabilise the local economy by setting up new economic activities and creating new jobs in the local community.

### Two sets of potential interventions:

**Eskom-led repurposing and repowering projects** i.e. projects implemented at Komati PS

- Transition (maintenance and support)
- Decommissioning

**Eskom-led projects or projects where Eskom is a partner and that are implemented in the local community**

#### Phase 1: Incremental (temp)
- Decommissioning

#### Phase 2: Quick win (perm)
- Containerised Microgrids
- AgriVoltaics Project incl. MushMag & Aquaponics
- 100 MW Solar PV plant
- Battery Energy Storage System (BESS)
- Alien Veg. Removal & Beneficiation
- Crop Farming with Mine Affected Water

#### Phase 3: Leap (perm)
- 50 MW Solar PV plant
- Synchronous condenser
- 70 MW Wind Energy

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*Eskom-led repurposing and repowering (R&R) interventions*
Solar PV and Battery Energy Storage

DE AAR SOLAR FARM, SOUTH AFRICA

AES FLUENCE/SDG7E, ESCONDIDO

JASPER SOLAR FARM, SOUTH AFRICA

MIRA LOMA, CALIFORNIA (USA)
Containerised Microgrids and Workshop

SOLAR PV MODULES AND CONTAINER

MICROGRID CONTAINER INTERIOR

MICROGRID WORKSHOP AT KPS
Agrivoltaics Demonstration Facility

PLANTER POTS AND SOLAR PANELS

PLANTER POTS

SOLAR PANELS
Reskill, upskill and develop new skills among power station employees and local community workforce

Two sets of potential interventions:

1) Eskom HR plan for employees
   - Focusing on employees of the power station

2) Human capital development
   - Focusing on labour force in the community
Reskill, upskill and develop new skills among power station employees and local community workforce

1) Eskom HR plan for employees

Key principles

1. No job losses or retrenchments for permanent employees
2. All permanent employees to undergo change management interventions
3. Some permanent employees to be reskilled/upskilled
4. Skills sets such as technicians, engineers, operators among others, to be reused
5. No policy to forcibly let go of permanent employees

Applying these principles, the HR plan allocates approximately R69 million to:

**Incremental and other options**
Consideration of other levers, if and when necessary

**Reskilling/Upskilling**
Reskill & upskill employees to redeploy to R&R projects

**Transfer**
Transfer to similar vacancies in other Generation (Gx) operations

140 perm. employees and 190 contractors to maintain existing infrastructure
Up to 300 people required for R&R*
Permanent ERI employees involved at Komati PS

* Assuming 140 permanent Eskom employees retained for maintenance and contractors hired.
2) Human capital development

Interventions

<table>
<thead>
<tr>
<th>Komati Training Facility (KTF)</th>
<th>Career development programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills development programmes (artisan, agriculture, etc.)</td>
<td>SMME incubation and business skills development programme</td>
</tr>
</tbody>
</table>

By implementing these interventions, the potential **benefits** may be:

- Enhanced skill levels and improved employability of local workforce through reskilling/upskilling interventions
- Opportunities and enabling environment for the creation of new SMMEs
- Retained sense of place in local community
- Improved economic prospects for youth, reducing the prevalence of drug and alcohol abuse
Strengthen the communities by addressing the existing gaps and challenges in the community

Proposed interventions:

- Digital community platform (communication focus)
- Digital activation of the community (connection focus)
- Community health programmes
- Upgrade/expand sport and recreational facilities
- Roll out commercial scale community gardens
- Early childhood development (ECD) focused programmes

By implementing these interventions, the potential benefits may be:

- Improved communication in the area, reducing uncertainty and community apprehension
- Expanded social infrastructure, maintaining and/or strengthening community ties and social cohesion
- Improved community health due to improved health awareness
- Enhanced access to basic education services
Facilitate growth of SMMEs and economy through localisation of supply chains

Proposed interventions:

**Stage 1: Quick wins**
- Accommodation facilities to host trainees at KTF
- Catering services for construction projects, KTF and RE projects
- Transportation services for workers
- Business opportunities, skilling and jobs from R&R

**Stage 2: Big rewards**
- Solar PV components assembly/manufacturing plants
- Microgrid components manufacturing/assembly plants
- BESS cell manufacturing and/or assembly plant
- RE component recycling facility

The **benefits** of these may include:

- Growth of local SMMEs in the community
- Improved livelihoods of households
- Retention/increase of the local purchasing power that would support local trade and personal services in the community
- Industrialisation through localisation of new energy technologies and components thereof
- Sustainability of local economy

*Requires consideration of R&R interventions for all PSs to create economies of scale*
Communicate the implementation plan to all stakeholders: internal and external communication

Various means of communication and consultation are to be utilised per stakeholder group at different intervals.

**Internal Eskom platforms/channels**
- Business Unit Forum
- Central Consultative Forum
- Division Management Committees
- Generation National Group Forum
- Existing KPS GRM

**External platforms/channels**
- Presidential Climate Commission (PCC)
- Mpumalanga Green Cluster Agency
- Nkangala District Development Model
- Eskom-MPG MoA

**Other means**
- Community WhatsApp group
- One-on-one meetings
- Public or community meetings
- Formal letters or e-mails
- Workshops

Dedicated Stakeholder Engagement Plan (SEP)
Proposed KPS implementation plan in summary

**Stabilise**
- Transition (maintenance and support)
- Decommissioning
- Containerised Microgrids
- Agri/Voltaics Project incl. MushMag & Aquaponics
- 100 MW Solar PV plant
- Battery Energy Storage System (BESS)
- Alien Veg. Removal & Beneficiation
- Crop Farming with Mine Affected Water
- 50 MW Solar PV plant
- Synchronous condenser
- 70 MW Wind Energy

**Develop**
- Eskom HR Plan
- Komati Training Facility (KTF)
- Career development programmes
- Skills development programmes (artisan, agriculture, etc.)
- SMME incubation and business skills development programme

**Strengthen**
- Digital community platform (communication focus)
- Community health programmes
- Roll out commercial scale community gardens
- Digital activation of the community (connection focus)
- Upgrade/expand sport and recreational facilities
- Early childhood development (ECD) focused programmes

**Grow**
- Accommodation facilities to host trainees at KTF
- Business opportunities, skilling and jobs from R&R
- Catering services for construction projects, KTF and RE projects
- Solar PV components assembly/manufacturing plants
- BESS cell manufacturing and/or assembly plant
- Transportation services for workers
- Microgrid components manufacturing/assembly plants
- RE component recycling facility

**Communicate**
- Internal stakeholder communication
- External stakeholder communication

Legend: R&R Initiatives, Supporting Business Opportunities, Partnership Projects, Gov. Support, Development Areas
The initial negative impact will be mitigated to the large extent through the implementation plan (based on 2020 figures)

<table>
<thead>
<tr>
<th>Impact WITHOUT mitigation</th>
<th>Mitigation</th>
<th>Impact AFTER mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Workers</strong></td>
<td></td>
<td><strong>HR plan (incremental and secondment – temp, reskilling and upskilling for new jobs, transfer)</strong></td>
</tr>
<tr>
<td>791 jobs on site at risk</td>
<td></td>
<td><strong>Over R7 bn will be invested into new projects (once off) and to support transition</strong></td>
</tr>
<tr>
<td><strong>Economy</strong></td>
<td><strong>Temporary jobs during construction, permanent jobs for R&amp;R projects and community initiatives</strong></td>
<td><strong>About 8 700 temp. jobs supported by construction, including 2,200 created on site over 5 years (53% of losses mitigated)</strong>&lt;br&gt;<strong>A further 2 150 sustainable jobs will be created once all projects are operational (incl 660 direct jobs) (52% of losses mitigated)</strong></td>
</tr>
<tr>
<td>R1.71 bn in GDP in SA at risk</td>
<td></td>
<td><strong>Income for 38 HHs in the community at risk</strong></td>
</tr>
<tr>
<td>4 166 jobs at risk, including 791 jobs on site</td>
<td></td>
<td><strong>No HH currently dependent on Eskom permanent employment will be affected</strong></td>
</tr>
</tbody>
</table>
Private and public sectors have various economic interventions in the pipeline that need to be considered for alignment and leverage.

If these projects are successfully implemented they could:

- Attract around R7.9 bn of investment and create 9 000 temporary employment opportunities during construction
- Create between 370 and 750 direct permanent employment opportunities in Nkangala DM during operations
- Directly stimulate the economy’s production by between R305 million and R510 million per annum

**Eskom should:**

- Continue participating in various regional platforms to keep abreast of the progress with these projects and seek new opportunities

<table>
<thead>
<tr>
<th>Item</th>
<th>Project</th>
<th>Location</th>
<th>Champion</th>
<th>Estimated jobs</th>
<th>Estimated CAPEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establishment of Steve Tshwete Hotel and Convention Centre</td>
<td>Steve Tshwete LM</td>
<td>Steve Tshwete LM</td>
<td>20-50</td>
<td>R350 000 000</td>
</tr>
<tr>
<td>2</td>
<td>Establishment of Centre of Excellence for Steel and Metal Fabrication</td>
<td>Steve Tshwete LM</td>
<td>Steve Tshwete LM &amp; GIZ</td>
<td>20-50</td>
<td>R102 207 619</td>
</tr>
<tr>
<td>3</td>
<td>Crop Farming with Mine-affected Water at Mafube Colliery</td>
<td>Steve Tshwete LM</td>
<td>DWS, Mafube Coal &amp; MWCB</td>
<td>20-50</td>
<td>R9 200 000</td>
</tr>
<tr>
<td>4</td>
<td>Establishment of Fly Ash Beneficiation Plant</td>
<td>Steve Tshwete/Emalahleni LM</td>
<td>Nkangala DM</td>
<td>20-50</td>
<td>R195 000 000</td>
</tr>
<tr>
<td>5</td>
<td>Green Economy Hub Recycling Plant</td>
<td>Steve Tshwete/Emalahleni LM</td>
<td>Nkangala DM</td>
<td>&lt;20</td>
<td>R27 000 000</td>
</tr>
<tr>
<td>6</td>
<td>Mining and Metal Industrial Park</td>
<td>Emalahleni LM</td>
<td>DEDT</td>
<td>50-100</td>
<td>R100 000 000</td>
</tr>
<tr>
<td>7</td>
<td>Establishment of Glass Recycling Plant</td>
<td>Dr JS Moroka LM</td>
<td>Nkangala DM</td>
<td>50-100</td>
<td>R1 700 000 000</td>
</tr>
<tr>
<td>8</td>
<td>Dr JS Moroka Agri-Hub</td>
<td>Dr JS Moroka LM</td>
<td>DEDT</td>
<td>20-50</td>
<td>R5 000 000 – R10 000 000</td>
</tr>
<tr>
<td>9</td>
<td>Revitalisation of Siyabuswa Industrial Park</td>
<td>Dr JS Moroka LM</td>
<td>DEDT</td>
<td>20-50</td>
<td>R10 000 000 – R20 000 000</td>
</tr>
<tr>
<td>10</td>
<td>Establishment of Biodiesel Tech Incubator</td>
<td>Dr JS Moroka LM</td>
<td>Dr JS Moroka LM &amp; MPG</td>
<td>&lt;20</td>
<td>R27 000 000</td>
</tr>
<tr>
<td>11</td>
<td>Construction of High-Altitude Sports Centre</td>
<td>Emakhazioni LM</td>
<td>Nkangala DM</td>
<td>50-100</td>
<td>R5 300 000 000</td>
</tr>
<tr>
<td>12</td>
<td>Mpumalanga Winter Wheat Pilot Programme at Wonderfontein Colliery</td>
<td>Emakhazioni LM (pilot site)</td>
<td>B4D, Impact Catalyst, MWCB, Glencore &amp; ICMM</td>
<td>20-50</td>
<td>R820 000 (for pilot)</td>
</tr>
<tr>
<td>13</td>
<td>Resuscitation of the Sawmill Project</td>
<td>Emakhazioni LM</td>
<td>Nkangala DM</td>
<td>20-50</td>
<td>R27 000 000</td>
</tr>
<tr>
<td>14</td>
<td>Revitalisation of Thembisile Hani Industrial Park</td>
<td>Thembisile Hani LM</td>
<td>DEDT</td>
<td>20-50</td>
<td>R10 000 000 – R20 000 000</td>
</tr>
</tbody>
</table>
Infrastructure and skills development interventions are also already considered by various parties and need to be considered if these projects are successfully implemented they could:

- Increase the skills base of the local workforce (specifically Ward 4 skills base)
- Expand opportunities for job creation
- Improve access to basic and community services

**Eskom should:**
- Continue participating in various regional platforms to keep track of the progress with these projects and seek new opportunities

<table>
<thead>
<tr>
<th>Project/Intervention</th>
<th>Location</th>
<th>Champion/owner</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human capital/skills development projects</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPWP Vuk’uphile Learnership Programme</td>
<td>Steve Tshwete LM</td>
<td>Department of Public Works and Infrastructure (DPWI)</td>
</tr>
<tr>
<td>Goedehoop Colliery Skills Development Plan</td>
<td>Goedehoop (Steve Tshwete LM)</td>
<td>Goedehoop Mine (Thungela)</td>
</tr>
<tr>
<td>Mining Academic Programme (MAP)</td>
<td>Ward 4 (Steve Tshwete LM)</td>
<td>Black Royalty Minerals (owner of Koornfontein mine)</td>
</tr>
<tr>
<td>Mpumalanga Stainless Initiative (MSI)</td>
<td>Mpumalanga Province</td>
<td>DEDT (supported by various stakeholders)</td>
</tr>
<tr>
<td><strong>Built capital/Infrastructural projects</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile clinic</td>
<td>Steve Tshwete LM</td>
<td>Goedehoop Mine (Thungela)</td>
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<tr>
<td>Municipal capacity project</td>
<td>Steve Tshwete LM</td>
<td>Goedehoop Mine (Thungela)</td>
</tr>
<tr>
<td>Water supply sustainability: 2 boreholes and tanks</td>
<td>Steve Tshwete LM</td>
<td>Goedehoop Mine (Thungela)</td>
</tr>
<tr>
<td>Construction of Thusong Centre</td>
<td>Blinkpan</td>
<td>Steve Tshwete LM</td>
</tr>
</tbody>
</table>
CONCLUSION
Conclusion

- The impact of KPS closure will be significant and will affect the economy and the lives of the people; however, it also offers an opportunity to change the lives of people for better and re-build the company’s reputation.

- Closure of KPS may have the potential to reduce the economy by R1.7 bn and result in the loss of 4 166 jobs (direct and indirect).

- The proposed R&R projects can make a significant contribution to mitigating the impacts of the shutdown by creating sustainable employment opportunities and supporting jobs during construction, while stimulating the local economy.

- About 8 700 temporary jobs may be created during construction, 2 200 jobs over 5 years and 2 150 sustainable jobs (660 direct and 1 490 indirect) during operations. A total contribution of R1.3 bn to the economy.

- Procurement strategy for R&R (ESD, job, skills development) are crucial to the economic recovery. Owners Engineer, Procurement Strategy EPC contractor implementation will play a major role seeing these results.

- Achieving the above results will require commitment and leadership not only from Eskom but from government and other stakeholders, including business, labour and civil society.

- A broader integrated plan for the local area and region is required to support the shutdown of coal-fired power stations in Mpumalanga.
Thank you
How to provide comments

Send a WhatsApp to: +27 60 978 8396

E-mail us on: social@urban-econ.com

All comments are due by the 18th of November 2022