

Makhanda Mining – Social and Labour Plan (2023 – 2027)

MAKHANDA MINING (PTY) LTD
MINING RIGHT OVER THE REMAINING EXTENT
OF THE FARM BRAKKEFONTEIN 243, DISTRICT
ALBANY, EASTERN CAPE PROVINCE

SOCIAL AND LABOUR PLAN

REF: EC 30/5/1/2/2/0056 MR

2023 - 2027

Prepared for:

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EXECUTIVE SUMMARY

Location of the mine:

Makhanda Mining (Pty) Ltd holds a mining right over 644.9686 ha of the Remaining Extent of the farm Brakkefontein No 243 in the Albany District of the Eastern Cape Province.

Makhanda Mining is located approximately five kilometres to the northeast of Makhanda along Mayfield Cemetery Road on the Brakkefontein farm.

Operational background:

Makhanda Mining (Pty) Ltd (hereinafter referred to as “Makhanda Mining”) will submit a section 102 amended application to align the mining documentation with the Section 11 approval, comply with the latest departmental and legislative requirements, and add aggregate as an additional commodity to the mining right.

Funds available for Human Resources Development and Local Economic Development:

As part of this Social and Labour Plan (hereinafter referred to as “SLP”) and the commitments thereto, the Applicant intends to spend at least **R61 000.00 (Sixty One Thousand Six Hundred and Ten Rand)** on Human Resource Development for the 5-year duration of this SLP.

Furthermore, the applicant intends to spend a total of **R167 594.44 (One Hundred and Sixty Seven Thousand Five Hundred and Ninety Four Rand and Forty Four Cents)** on Local Economic Development Project/s (hereinafter referred to as “LED project”) for the 5-year duration of this SLP, within the Makana Local Municipality.

An LED project is in the process of being identified, in consultation with the Makana Local Municipality, which approval will be attached to the final SLP as **Annexure 6**.

Meaningful consultation and collaboration in terms of the provisions of the Amendments to the Mineral and Petroleum Resources Development Regulations for Implementation, as published on 27 March 2020:

This SLP will be subjected to meaningful consultation with the landowners, mine employees, the municipality and other interested and affected parties, proof of which will be submitted to the DMRE once the collaboration process has been finalised. Once approved, the SLP will also be made

Makhanda Mining – Social and Labour Plan (2023 – 2027)

available in isiXhosa, which is the most dominant official language spoken within the mine community.

The approved SLP will be published on the consultant website and hard copies of the SLP will be made available at the site office. Once approved a notice will be placed in a local newspaper about the availability of the SLP, and all stakeholders will be notified of the approval of the SLP.

Table of Contents

1.	PREAMBLE (Regulation 46(a)).....	8
2.	HUMAN RESOURCE DEVELOPMENT PROGRAMME (<i>Regulation 46(b)</i>)	8
2.1.	Compliance with skills development legislation.....	9
2.2.	Skills development plan (Regulation 46(b)(i) in conjunction with Regulation 11(g))	10
2.2.1.	Education levels of the workforce	10
2.2.2.	Illiteracy level and ABET needs	11
2.2.3.	Training planned in respect of ABET needs (<i>Regulation 46 (b)(i)</i>).....	11
2.2.4.	Portable Skills Programme Training.....	12
2.2.5.	Core Business Training / Induction Training	13
2.2.6.	Internal Learnerships	13
2.2.7.	External Learnerships and Artisan Training	14
2.3.	Form R: Hard to fill vacancies (Annexure 2).....	15
2.4.	Career Progression Plan (<i>Regulation 46(b)(ii)</i>)	15
2.4.1.	Career Development Matrix	15
2.4.2.	Career Progression Plan (<i>Regulation 46(b)(ii)</i>)	16
2.4.3.	Action plan to implement Career Development paths:.....	16
2.5.	Mentorship Plan (Regulation 46(b)(iii))	19
	Action plan:.....	19
	Responsibility of a Mentor:.....	20
2.6.	Bursary and Internship Plan (<i>Regulation 46(b)(iv)</i>).....	20
2.6.1.	Internal Bursaries.....	20
2.6.2.	External Bursary Plan	21
2.6.3.	Internship plan (Regulation 46(b)(iv)).....	21
2.7.	Employment Equity Plan (<i>Regulation 46(b)(v)</i>)	22
	Historically Disadvantaged South Africans (HDSA) in management.....	22
	Women in Mining	23
3.	MINE COMMUNITY ECONOMIC DEVELOPMENT (<i>Regulation 46(c)</i>)	24
3.1.	Social and economic background information (<i>Regulation 46(c)(i)</i>)	24
3.1.1	Background	24
	Population structure	27
	Population structure	29
	Population structure	30
3.1.5	Distribution of population by Language	31

Makhanda Mining – Social and Labour Plan (2023 – 2027)

3.1.6	Economic Profile	32
	Gross Domestic Product (GDP)	34
3.1.6.2	Economic Growth Forecast	35
	Gross Domestic Product (GDP)	36
	Gross Value Added by Region (GVA-R)	36
	Gross Value Added (GVA) by broad economic sector	37
	Gross Value Added (GVA) by broad economic sector	38
	Historical Economic Growth	38
	Gross Value Added (GVA) by aggregate sector.....	39
3.2.	Key Economic activities (Regulation 46 (c) (ii))	39
3.2.1	Primary Sector	39
3.2.2	Secondary Sector	40
3.2.3	Tertiary Sector.....	40
	Gross value added (GVA) by tertiary sector	40
3.2.4	Sector Growth forecast	41
	Gross value added (GVA) by aggregate sector	42
	Tress Index	43
3.2.5	Location Quotient	43
	Location Quotient by broad economic sectors.....	44
	Labour Glimpse	45
3.2.7	Labour Force participation rate	47
	Labour force participation & Unemployment rate.....	48
	Labour force participation rate.....	48
3.2.8	Total Employment.....	49
	Total Employment Composition	50
3.2.9	Formal and Informal employment.....	51
3.3	Formal and informal employment by sector	51
	Unemployment	52
	Number of unemployed & Unemployment rate	54
3.3.	Negative Impact of the mining Operation	54
3.4.	Infrastructure and Poverty Eradication projects - needs of area (Regulation 46(c)(iv)).....	55
3.5.	Project plan format (Regulation 46(c)(iii))	55
3.5.1.	Stakeholder’s involved in the project	55
3.5.2.	Sustainability of the project.....	55

Makhanda Mining – Social and Labour Plan (2023 – 2027)

3.5.3.	Financial provision over a 5-year timeframe	55
3.5.4.	Company’s exit strategy after implementation	56
3.6.	Measures to address housing and living conditions (<i>Regulation 46(c)(iv)</i>)	58
3.6.1.	Current status of available dwelling for employees –	58
3.6.2.	Preferred requirements for housing and living conditions of the workforce	58
3.6.3.	Housing and living conditions plan over a five-year period -.....	58
4.	PROCESSES PERTAINING TO MANAGEMENT OF DOWNSCALING AND RETRENCHMENT (<i>Regulation 46(d)</i>).....	60
4.1.	The establishment of the future forum (<i>Regulation 46(d)(i)</i>).....	60
4.2.	Job loss prevention and	60
4.3.	Management of retrenchments (<i>Regulation 46(d)(ii)</i>)	60
	Consultation with the Department of Labour	60
	Consultation with Staff and Representatives	60
4.4.	Mechanisms to ameliorate the social and economic impact on individuals, regions and economies where retrenchment or closure of the mine is certain (<i>Regulation 46(d)(iv)</i>).....	62
4.4.1.	Management of Retrenchments.....	62
5.	FINANCIAL PROVISION (<i>Regulation 46(e)(i), (ii) and (iii)</i>)	63
6.	UNDERTAKING (<i>Regulation 46(f)</i>)	64
7.	ANNEXURES.....	65
7.1.	Annexure 1: Form Q (DME 327)	65
7.2.	Annexure 2: Form R (DME 328)	66
7.3.	Annexure 3: Form S (DME 325).....	67
7.4.	Annexure 4: Form T (DME 326)	68
7.5.	Annexure 5: Questionnaire	69
7.6.	Annexure 6: Local economic development project – municipal approval	71

Tables:

Table 2.1:	Seta Information	9
Table 2.2:	Education levels of employees.....	10
Table 2.3:	Planned ABET Training for a five year period.....	11
Table 2.4:	Portable skills & Core Business training targets.....	12
Table 2.5:	External Learnership & Artisan Training	14
Table 2.6:	Hard to fill Vacancies.....	15
Table 2.7:	Five Year Career Progression Plan of current employees.....	18
Table 2.8:	Mentorship plan targets	19
Table 2.9:	Tertiary Learnership Targets – External Bursary.....	21

Makhanda Mining – Social and Labour Plan (2023 – 2027)

Table 2.10: Internship targets.....	21
Table 2.11: Targets for HDSA participation in management	22
Table 3.1: Needs of the Area	55
Table 3.2:Project Plan	57
Table 3.3: Status of available dwellings for employees.....	58
Table 3.4: Housing and living conditions	58

1. PREAMBLE (REGULATION 46(A))

Name of Company/Applicant	Makhanda Mining (Pty) Ltd
Name of mine/production operation	Makhanda Mining (Pty) Ltd
Physical Address	Brakkefontein Farm 243 Cemetery Road Makhanda 6139
Postal Address	Brakkefontein Farm 243 Cemetery Road Makhanda 6139
Telephone number	046 603 6300 / 082 578 9480
Fax number	086 729 4076
Location of mine or production operation	Makhanda Mining is located approximately five kilometres to the northeast of Makhanda along Mayfield Cemetery Road on the Brakkefontein Farm.
Commodity	- Clay; and - Aggregate
Life of mine	16 Years
Financial year end	30 June
Reporting year	2023 - 2027
Responsible person	Mr. Colin Meyer
Geographic origin of employees (mine employees and labour sending areas)	
(a) Mine community	(b) Labour sending area
Province	Province
Eastern Cape	Eastern Cape
District municipality	District municipality
Sarah Baartman District Municipality	Sarah Baartman District Municipality
Local municipality	Local municipality
Makana Local Municipality	Makana Local Municipality

2. HUMAN RESOURCE DEVELOPMENT PROGRAMME (REGULATION 46(B))

It is important to point out that the mine has a very small staff of 9 (nine) employees, of which 3 (three) are employed by the applicant and 6 (six) are employed by an independent contractor. As this SLP is submitted as part of a Section 102 amendment application, these numbers will remain the same. The commitments contained in this section is only an estimated minimum of the expenditure foreseen for the 5-year duration of this SLP.

Due to the size of the operation, Makhanda Mining will not have the capacity or structure to be comparative in terms of Training and Development and Social Responsibilities, to that of the other

large mining operations within the area. Due to the aforementioned, the Skills Development Plan and Human Resources Development Programme contained herein is simplistic but most of all, achievable and manageable, as far as practically possible.

The primary objective of the Human Resource Development and Social Programme will be to focus on strategic development initiatives, within pockets of the workforce, rather than a blanket training initiative for all employees.

Although training initiatives will be somewhat restricted, the company has fully embraced the concept of sectoral training and has access to the activities of SETA (Sector Education and Training Authority) and MQA (Mining Qualifications Authority) and an internal training co-ordinator/Skills Development Facilitator (SDF) has been appointed to assist in this regard.

2.1. COMPLIANCE WITH SKILLS DEVELOPMENT LEGISLATION

The mine will pay the skills development levies of all its employees to the South African Receiver of Revenue as a legal requirement. Where possible, all training opportunities will be facilitated through the Mining Qualification Authority (MQA) (011) 832 1022.

Table 2.1: Seta Information

Name of SETA	Mining Qualifications Authority (MQA)
Registration number with relevant SETA	L160705556
Has your company appointed a Skills Development Facilitator? If yes, provide name	MASANDE HOYI – SIYAYA SKILLS
To which institution have you submitted your workplace skills plan?	DEPARTMENT OF LABOUR
<ul style="list-style-type: none"> (i) Department of Labour (ii) Mining Qualifications Authority (iii) Mine Health and Safety 	

The SDF is the main liaison person with the MQA and has access to company information directly on the MQA Database through the use of a user ID and password. The appointed skills development facilitator is responsible for the development and submission of the workplace skills plan for Makhanda Mining.

The roles of the Skills Development Facilitator are *inter alia*:

- To assist in developing the Workplace Skills Development plan.
- To ensure the reporting on the social and labour plan is submitted as and when required.
- To advise on the implementation, monitoring and review mechanism of the social and labour plan.
- To serve as a resource in all aspects of skills development, including skills programmes and learnership development.
- To advise on quality assurance requirements as set out by the MQA.

Makhanda Mining – Social and Labour Plan (2023 – 2027)

	8	Doctorates									
		TOTAL	9							9	

2.2.2. Illiteracy level and ABET needs

The mine has 2 (two) employees with an education level lower than ABET 2. These employees will be afforded the opportunity to become functionally literate. The success of the ABET (Adult Basic Education Training) will be based on the commitment of the employee to accept and embrace the opportunity for ABET and to comply with the rules and requirements of such a programme.

If the employees do not want to take part in the ABET programme, alternative and suitable means of contribution to the development and education of the relevant employees and/or local community will be investigated and incorporated into this plan.

Makhanda Mining will make use of an accredited service provider for the implementation of the ABET training mentioned above, in the event that the identified employees would want to take part in this programme.

2.2.3. Training planned in respect of ABET needs (*Regulation 46 (b)(i)*)

APPENDIX 2.2.3 and 2.2.4

Staff and present level of competence

Table 2.3: Planned ABET Training for a five year period

The below table indicates the proposed ABET training for this SLP period, which comprise of the proposed identified employees. Should new employees be appointed once the Section 102 application was approved, such employees will be included in the subsequent SLP's. The below is based on the presumption that all identified employees who have an education level of less than ABET 2 would want to participate in the ABET programme.

Level	2023	2024	2025	2026	2027	Total
ABET 1						
ABET 2		2				2
ABET 3						
ABET 4						
Total No.						
Budget	0	R10 397.00	0	0	0	R10 397.00

The intention of Makhanda Mining is for all employees to obtain an educational level of at least ABET level 2. In the event that the above budget is not sufficient this will be supplemented accordingly, based on the presumption that the employees would want to participate in this training initiative.

Action plan:

- The identified employees will be invited to a workshop during the first year after the Section 102 was approved, which workshop will be designed to inform them about ABET training and encourage them to make use of the opportunity at their own discretion.
- Employees who are willing to participate in this programme, will be expected to enrol for ABET training as outlined in the table above, which training will commence during 2024 (which is the foreseen second year of SLP implementation), until they reach ABET 2.
- Should new employees be enrolled within the 5 years of this SLP period any ABET training they may require in accordance with the above target will be included in the subsequent SLP.
- ABET will be offered on the basis of balance between the employee's own personal time and Makhanda Mining's time and the cost will be covered by Makhanda Mining.
- Transport will be offered to and from the classes for the interested employees if so required, should the ABET be presented off-site.
- In the event that the employees are not willing or interested to take part in ABET initiatives, further investigation into alternative possibilities will be made into development and implementation of supplementary educational programs for said employees.
- The above budget includes cost of the training course, material, equipment and transport (where necessary).

2.2.4. Portable Skills Programme Training

Makhanda Mining recognises that the changing nature and demands of any business can result in a reduction in the number of employees at any stage of the business's life. In addition, Makhanda Mining also recognises that employees may seek alternative employment during their careers.

In recognition of the above, Makhanda Mining Mine will implement the following portable skills plan.

Action plan:

- Table 2.4 below provides an indication of the portable skills training that Makhanda Mining will aim to provide employees, which will be useful both during their employment as well as after employment at the mine.
- Employees showing interest and ability will be provided with the opportunity to attend a portable skills training workshop over the five-year period.
- Employees will be requested to sign an attendance register.
- The training will be provided by outsourced companies, as far as possible.
- After attending the portable training courses, employees will be provided with a certificate of attendance.

Table 2.4: Portable skills & Core Business training targets

Type / area of training	Number of employees					TOTAL
	2023	2024	2025	2026	2027	
Health & Safety			R 4000.00			R4 000.00

Makhanda Mining – Social and Labour Plan (2023 – 2027)

Basic Firefighting	R3 500.00					R3 500.00
First Aid	R2 500.00					R2 500.00
Welding	R3 000.00					R3 000.00
Basic Electrical				R4 000		R4 000.00
Machine Operator					R5 000.00	R5 000.00
Core Business training (Induction)	All employees	All employees	All employees	All employees	All employees	All employees
BUDGET	R9 000.00	0	R4 000.00	R4 000.00	R5 000.00	R22 000.00

2.2.5. Core Business Training / Induction Training

In addition to the training described in paragraph 2.2.4 above Makhanda Mining will also provide all employees induction training on the following:

- HIV/AIDS awareness and healthy living programme;
- Tuberculosis awareness training;
- Introduction to Health and Safety in the workplace training;
- Risk assessment training;
- Introduction to Environmental Awareness;
- Introduction to Fire Fighting.

The above training will form part of the employee induction training undertaken when commencing with employment, which induction will include annual refresher courses.

2.2.6 and 2.2.7 Learnerships (Internal and External) and Artisan Training

APPENDIX 2.2.6 and 2.2.7

2.2.6. Internal Learnerships

Experience has taught that internal learnerships are not always practical by reason of the fact that full time employees earning a specific salary do not often want to (nor can they afford to) sacrifice their salary and accept the stipend offered as part of a learnership programme. In the circumstances, Makhanda Mining will direct it's commitment towards external learnerships and artisan training.

Having said that, it is not to say that the door is closed to an employee who would like to participate in a learnership programme. In the event that an employee shows an interest in the learnership programme, such employee will be afforded the opportunity to apply for a particular learnership together with the external applicants.

Employees will also have the opportunity to apply for an internal bursary at Makhanda Mining, as more fully set out in Appendix 2.6.1.

Alternatively, employees interested in learnership or artisan training can apply to receive such training internally under mentorship.

2.2.7. External Learnerships and Artisan Training

Table 2.5: External Learnership & Artisan Training

Field/ area of training	Targets and timelines									Budget
	2023	2024		2025		2026		2027		
	New intake	New	Cont	New	Cont	New	Cont	New	Cont	
Business administration (or mine related field)				1						
Total No				1						
Budget	0	0	0	R3 000.00	0	0	0	0	0	R3 000.00

Makhanda Mining intends to collaborate with the VOLKSWAGEN SA TECHNICAL SCHOOL in Uitenhage, for the implementation of the external learnership and artisan training field, which programmes will run for a maximum period of 6 months. The training will be provided by the VOLKSWAGEN SA TECHNICAL SCHOOL, where possible, which training will be funded by Makhanda Mining, and once the training has been completed the learner will receive proof of such completion.

The learnership and artisan programmes will be made available to local community members who have completed their schooling and who are interested in and show an aptitude for learning a trade. Makhanda Mining firmly believes that the learning of a trade will benefit community members and provide them with a useful skill which will open many doors with regards to employment opportunities in the future. The learnership and artisan programmes will also be available to female and disabled candidates, to whom preference will be given, as far as possible.

2.2.8 School Support Programme

APPENDIX 2.2.8

School Support

Makhanda Mining will implement a school support programme in which school going children of employees will be funded with regards to school fees, school clothing, sporting equipment, sport clothing, stationary or any relevant educational supplies. Makhanda Mining shall make payment of the relevant educational sponsorship directly to the applicable service provider, which payments will be reported on in the annual reporting of this SLP.

In the event that there is any excess of the allocated budget these amounts will be spent on the needs of local schools.

In the table below the budget for the 5-year period is set out more fully:

Makhanda Mining – Social and Labour Plan (2023 – 2027)

Field/ area of training	Targets and timelines					
	2023	2024	2025	2026	2027	Total Budget
School support	1	1	1	1	1	5
Total No	1	1	1	1	1	5
Budget	R1 752.00	R1 000.00	R3 000.00	R2 806.00	R2 574.00	R11 132.00

2.3. FORM R: HARD TO FILL VACANCIES (ANNEXURE 2)**Table 2.6: Hard to fill Vacancies**

Occupational Level	Job title of vacancy	Main reason for being unable to fill vacancy
Top management	None	None
Senior management	Senior management	Due to the small size of the operation, this occupational level is not necessary
Professionally qualified and experienced specialists and middle management	Professionally qualified and experienced specialists and middle management	Due to the small size of the operation, this occupational level is not necessary
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	None	None
Semi-skilled and discretionary decision making	None	None
Unskilled and defined decision making	None	None

2.4. CAREER PROGRESSION PLAN (REGULATION 46(B)(II))**2.4.1. Career Development Matrix****APPENDIX 2.4.1**

Career development is aimed at providing better employment opportunities to employees and to develop the skills, competencies and education levels of employees so as to equip them to

progress within their existing place of employment, alternatively take up employment in a key position in a different company.

2.4.2. Career Progression Plan (*Regulation 46(b)(ii)*)

APPENDIX 2.4.2

An employee progression along a career development path at Makhanda Mining will depend on possible growth and subsequent vacancies within the operation, the employee obtaining the necessary educational level, experience and / or competencies to cope with the complexities of a position with greater responsibility (i.e. career development).

The rate of career development for an individual employee will depend on numerous factors, such as:

- The talent and education level of the employee.
- The aspirations and age of the employee.
- Staff turnover of the Mine.
- The availability of a vacant position which represents a career development move. This is influenced by the growth or reduction in activity of the mine and the actual labour turnover rate.

The objectives of a career development path are:

- To develop the competencies and education levels of employees in order for them to fill key positions (for example management, diesel mechanics, production foreman, fitter and turners and plant operators).
- To give opportunities to Historically Disadvantaged South Africans (HDSAs) and to progress towards Employment Equity (EE) targets.

2.4.3. Action plan to implement Career Development paths:

- Implement a plan to identify the talent pool and aspirations of all the employees. This will be done through informal interviews with employees to determine the individual aspiration and through obtaining feedback from the various supervisors about the competencies of the individuals. A record of aspirations and current talent will be maintained by the mine.
- High potential candidates (approximately 10% of the workforce) are to be identified and linked to an accelerated skills development and mentorship plan.
- As and when roles are vacated within Makhanda Mining, the position will firstly be offered internally. Should none of the employees have the required skills or aspiration to fill the role, then the mine will have no other choice but to source the skill from outside the company.
- If an employee has to be sourced outside, the mine can amend its skills development plan to be able to ensure that the skills for future fulfilment of the role are available internally, if such aspirations exist.

Table 2.7 Five Year Career Progression Plans

Makhanda Mining – Social and Labour Plan (2023 – 2027)

See Table 2.7 attached for an indication of the Training and Development in respect to the current identified employees over a five-year period. This proposed plan will be used for updating future progress in this regard.

In the event that new employees are appointed after approval of this SLP such employees will be incorporated into the subsequent Career Progression Plans. The Career Progression Plan set out in Table 2.7 below is a provisional plan and is subject to change depending on the actual operational requirements of the mine. The implementation of this Career Progression Plan will be reported on annually.

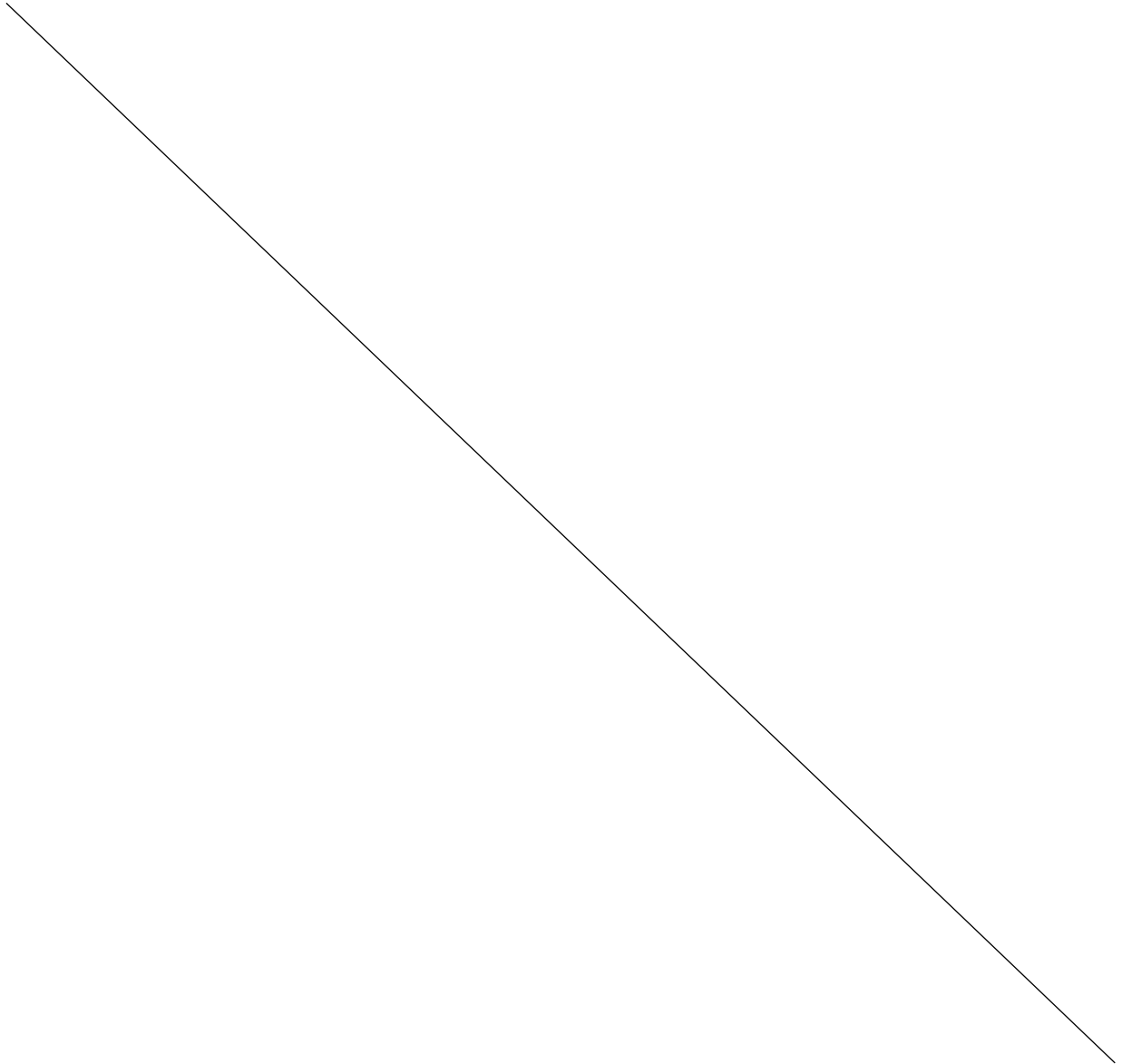


Table 2.7: Five Year Career Progression Plan of current employees

No	Name	Position	Ethnic	Gender	Educational Level	Core Business	Mentorship	2023	2024	2025	2026	2027
1	L. Magwala	Bulldozer operator	African	Male	Grade 4	Yes		Green	Blue	Green	Green	Green
2	L. Nqowana	Truck assistant	African	Male	Grade 7	Yes		Green	Green	Green	Green	Green
3	M. Wonte	TLB Operator	African	Male	Grade 10	Yes		Green	Green	Green	Green	Green
4	N. Gongqobele	Truck operator	African	Male	Grade 10	Yes		Green	Green	Green	Green	Green
5	J. Faltein	Front end loader	African	Male	Grade 8	Yes		Green	Green	Green	Green	Green
6	A. Mabona	Truck operator	African	Male	Grade 3	Yes		Green	Blue	Green	Green	Green
7	P. Sikweyiya	Quality Controller	African	Male	Grade 12	Yes	Yellow	Green	Green	Green	Green	Green
8	P. Fatela	Dumper operator	African	Male	Grade 7	Yes		Green	Green	Green	Green	Green
9	M. Simayile	Dumper operator	African	Male	Grade 11	Yes	Yellow	Green	Green	Green	Green	Green

ABET – Blue Mentorship – Yellow Portable Skills – Green

2.5. MENTORSHIP PLAN (REGULATION 46(B)(III))

Makhanda Mining regards mentorship as helping people realising their potential and maximising their potential through learning and skills development. Mentoring will be a joint venture between the mentor and the mentee whereby the mentor will guide the mentee in terms of personal and career development.

Makhanda Mining intends to implement a mentorship plan through the action plan listed below, which constitutes the provisional mentorship plan, for the time being.

Action plan:

- Makhanda Mining will undertake a survey during the first year of this SLP implementation (foreseen to be 2023) to identify both potential mentors and mentees to take part in the mentorship programme. Additional annual surveys will be conducted as part of the mentorship plan, to ensure that mentors and mentees are identified appropriately.
- Mentors will need to be experienced senior employees who have a personal trait which is conducive to the contribution of their knowledge and acting as a role model.
- Mentees will have to be junior employees who have demonstrated high potential and interests to develop their careers within Makhanda Mining.
- To develop a strategy for implementing a mentorship programme. The strategy should provide guidance on the reasonable expectations of both the mentor and mentee.
- To assign mentees to mentors. This must be done considering the personalities of both the mentor and mentee. Mentees will be either male or female, depending on the workforce profile of the mine at that stage.
- To implement the mentorship programme. Each mentorship programme is to run for a minimum period of one year, depending on the circumstances of each mentorship program.
- Once per annum the mentor is to provide feedback to the mentee on performance and strengths and weaknesses and if the mentorship requires a longer period, the mentorship will go on for a longer period, dependent on individual requirements.
- At the end of the mentorship programme the mentee must provide feedback on the success of the mentorship.
- The mentorship programme must be evaluated annually and improved upon, based on the feedback of the mentors and mentees.
- Table 2.8 provides an indication of the number of employees that Makhanda Mining intends to have within the mentorship programme, which is a provisional forecast.

The following positions are foreseen to be positions which will oversee other personnel at the operation:

Gregg Haakonsen and Raynold Joseph

The following mentees could be assigned to the mentors described above:

Table 2.8: Mentorship plan targets

	TARGET	GENDER

Makhanda Mining – Social and Labour Plan (2023 – 2027)

MENTORING PROGRAMME	MENTOR	DURATION	HDSA	NON-HDSA	FEMALE	MALE
Management/ Administration	GREGG HAAKONSEN	1 Year		X		X
Weighbridge/ Operator	RAYNOLD JOSEPH	1 Year	X			X

Responsibility of a Mentor:

- To act as a role-model for the mentee;
- Provide advice in terms of skills development;
- Provide advice on career development;
- To provide practical training concerning on the job skills;
- To provide encouragement to the mentee.

2.6. BURSARY AND INTERNSHIP PLAN (REGULATION 46(B)(IV))**APPENDIX 2.6.1 and 2.6.2****2.6.1. Internal Bursaries**

Due to the foreseen operational constraints in terms of the number of identified employees, internal bursaries will not be made available to employees at this stage. Makhanda Mining will actively optimise on the utilisation of skills, abilities and efforts of all its employees, therefore all employees will be afforded the opportunity to apply for the external bursary option, together with external applicants.

The company will however promote, within budget, additional employee applications for study assistance aligned to the operation's needs, provided the following basic principles are adhered to:

- Studies must be job specific and company related.
- The employee must provide Makhanda Mining with proof of the cost of the course as well as cost of the course material.
- The employee must provide Makhanda Mining with a motivation as to the reason why the employee's course will benefit the operation.
- Studies (which courses must preferably be accredited by SAQA) and educational institutions must be approved in advance by Makhanda Mining.
- Once the financial abilities and the workforce the company increases, the internal bursary option will once again be made available to employees, with a committed allocated budget and field of training.

2.6.2. External Bursary Plan

Table 2.9: Tertiary Learnership Targets – External Bursary

Bursary field	Targets and timelines								
	2023	2024		2025		2026		2027	Total Budget
	New	New	Cont.	New	Cont.	New	Cont.	New	
Mechanical or Mine Engineering	0	0	0	0	0	0	0	0	
Total No	0	0		0	0	0	0	0	5
Budget	0	0	0	0	R2 081.00	0	R3 000.00	R3 000.00	R8 081.00

Makhanda Mining will collaborate with the EAST CAPE MIDLANDS COLLEGE for the implementation of the external bursary field. Aspiring students from the Makana Local Municipal area will be furnished with the opportunity to study Mechanical or Mine Engineering, or any other field of study that will benefit both the student and the operation, at the EAST CAPE MIDLANDS COLLEGE, which field of study must be pre-approved by the operation. Makhanda Mining will:

- Fund the tertiary course in part, depending on the facts and circumstances relevant to each particular student and field (internal and external); or
- Fund the learning material in part, dependent on the circumstances; or
- Fund the student accommodation in in part, dependent on the circumstances; and
- In the event that funds are remaining, the operation will contribute to the student’s living costs.

The student will be required to enter into an agreement with Makhanda Mining for the total duration of the bursary in terms of which they *inter alia* agree to apply themselves and dedicate his/her best efforts to achieve a pass in each year of study. The abovementioned agreement will contain the obligations of Makhanda Mining as well as the obligations of the student in terms of this bursary programme.

In the event that it becomes clear to Makhanda Mining that any student is not fully committed to his/her studies, Makhanda Mining reserves the right to terminate that particular student’s bursary and offer the bursary to another student.

Makhanda Mining will make payment of all the applicable fees directly to the relevant educational institution and/or service provider. The student will be responsible to provide the mine with his/her academic records each semester of the academic year.

2.6.3. Internship plan (Regulation 46(b)(iv))

APPENDIX 2.6.3

Table 2.10: Internship targets

Internship field	Targets and timelines
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Makhanda Mining – Social and Labour Plan (2023 – 2027)

		to achieve		to achieve		to be achieved		to be achieved		
BOARD 50% (Foreseen to be 50% upon commencement)										
HDSA Male	50%	0%	50%	0%	50%	0%	50%	0%	50%	50%
JUNIOR MANAGEMENT 100% (Foreseen to be 100% upon commencement)										
HDSA Male	100%	0%	100%	0%	100%	0%	100%	0%	100%	100%
CORE AND CRITICAL SKILLS 70% (Foreseen to be 100% upon commencement)										
HDSA	100%	0%	100%	0%	100%	0%	100%	0%	100%	100%

Women in Mining

Makhanda Mining intends to employ women in accordance to the provisions of the Employment Equity Act, in line with the Mining Charter provisions. The mine foresees to employ 1 woman over the SLP period, constituting 10% of the total workforce.

Makhanda Mining will implement the following action plan in order to maintain and/or increase the women in mining targets:

- Women employed by the mine will be trained in terms of the mining environment and will form part of the mine's skills development plan.
- Makhanda Mining will consider suitably qualified women for vacant employment positions as and when new positions become available.
- Makhanda Mining recognises that one of the roles that would suit women is as a vehicle operator, weighbridge operator, engineer or administrator in the mining environment.

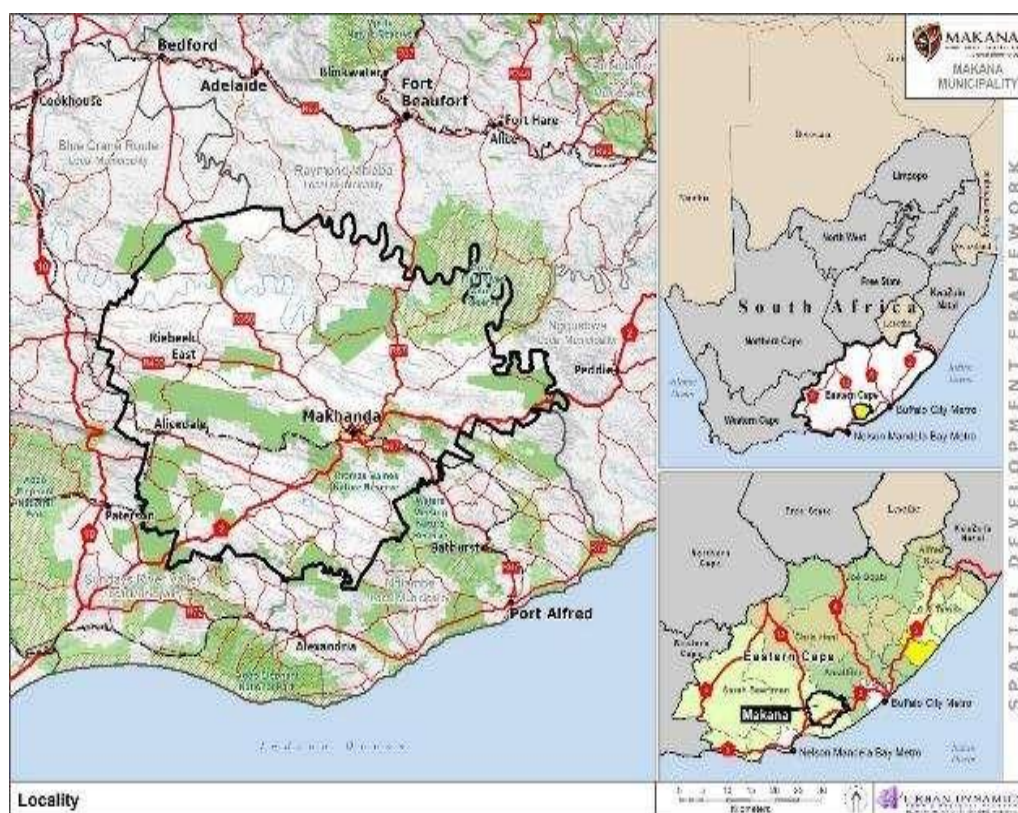
3. MINE COMMUNITY ECONOMIC DEVELOPMENT (REGULATION 46(C))

3.1. SOCIAL AND ECONOMIC BACKGROUND INFORMATION (REGULATION 46(c)(i))

APPENDIX 3.1

3.1.1 Background

Makana Local Municipality (Makana) is a category B Municipality approximately halfway between East London and Port Elizabeth that forms part of the seven local municipalities of the Sarah Baartman (formerly Cacadu) District Municipality in the Eastern Cape Province. Makana’s area is bordered in the north-east by Amathole District Municipality with the cities of Port Elizabeth 120km to the west and East London 180 km to east, north-west by Blue Crane Route Local Municipality, in the south by Ndlambe Local Municipality and in the south-west by the Sundays River Valley Local Municipality. In 2011 the Municipality was delimited into fourteen wards.



Map: Location of the municipality within a provincial context

Source: Makana Final IDP: 2021/2022

3.1.2 Total Population:

Population statistics is important when analysing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income.

TABLE: TOTAL POPULATION - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [NUMBERS PERCENTAGE]

Makhanda Mining – Social and Labour Plan (2023 – 2027)

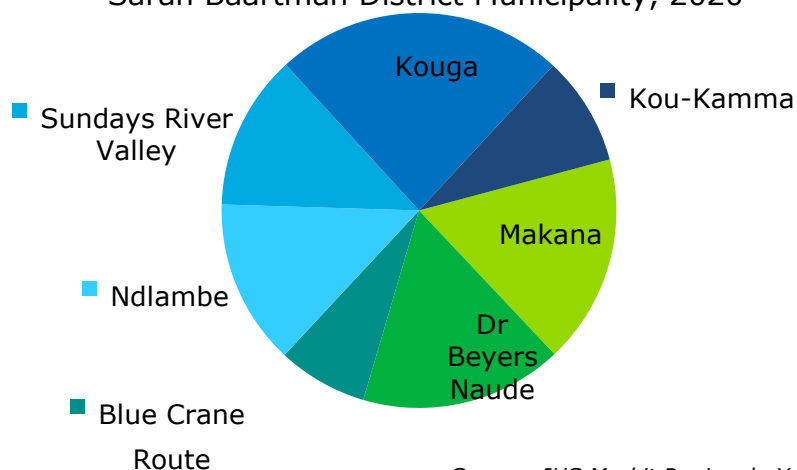
	Makana	Sarah Baartman	Eastern Cape	National Total	Makana as % of district municipality	Makana as % of province	Makana as % of national
2010	82,500	458,000	6,680,000	51,100,000	18.0%	1.24%	0.16%
2011	83,500	466,000	6,740,000	52,000,000	17.9%	1.24%	0.16%
2012	84,500	475,000	6,800,000	52,900,000	17.8%	1.24%	0.16%
2013	85,400	483,000	6,870,000	53,700,000	17.7%	1.24%	0.16%
2014	86,400	491,000	6,930,000	54,600,000	17.6%	1.25%	0.16%
2015	87,300	499,000	7,010,000	55,500,000	17.5%	1.25%	0.16%
2016	88,200	506,000	7,080,000	56,400,000	17.4%	1.25%	0.16%
2017	89,000	514,000	7,150,000	57,200,000	17.3%	1.24%	0.16%
2018	89,800	520,000	7,220,000	58,100,000	17.2%	1.24%	0.15%
2019	90,600	527,000	7,290,000	59,000,000	17.2%	1.24%	0.15%
2020	91,400	533,000	7,360,000	59,800,000	17.1%	1.24%	0.15%
Average Annual growth							
2010-2020	1.03%	1.54%	0.98%	1.59%			

Source: IHS Markit Regional eXplorer version 2112

With 91 400 people, the Makana Local Municipality housed 0.2% of South Africa's total population in 2020. Between 2010 and 2020 the population growth averaged 1.03% per annum which is close to half than the growth rate of South Africa as a whole (1.59%). Compared to Sarah Baartman's average annual growth rate (1.54%), the growth rate in Makana's population at 1.03% was close to half than that of the district municipality.

Makhanda Mining – Social and Labour Plan (2023 – 2027)

Sarah Baartman District Municipality, 2020



Source: IHS Markit Regional eXplorer version 2112

When compared to other regions, the Makana Local Municipality accounts for a total population of 91,400, or 17.1% of the total population in the Sarah Baartman District Municipality, with the Kouga being the most populous region in the Sarah Baartman District Municipality for 2020. The ranking in terms of the size of Makana compared to the other regions remained the same between 2010 and 2020. In terms of its share the Makana Local Municipality was slightly smaller in 2020 (17.1%) compared to what it was in 2010 (18.0%). When looking at the average annual growth rate, it is noted that Makana ranked fifth (relative to its peers in terms of growth) with an average annual growth rate of 1.0% between 2010 and 2020.

3.1.3 Population projections

Based on the present age-gender structure and the present fertility, mortality and migration rates, Makana's population is projected to grow at an average annual rate of 1.0% from 91 400 in 2020 to 96 000 in 2025.

TABLE: POPULATION PROJECTIONS - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2020-2025 [NUMBERS PERCENTAGE]

	Makana	Sarah Baartman	Eastern Cape	National Total	Makana as % of district municipality	Makana as % of province	Makana as % of national
2020	91,400	533,000	7,360,000	59,800,000	17.1%	1.24%	0.15%
2021	92,200	539,000	7,430,000	60,600,000	17.1%	1.24%	0.15%
2022	93,000	545,000	7,500,000	61,500,000	17.1%	1.24%	0.15%
2023	93,900	551,000	7,570,000	62,300,000	17.0%	1.24%	0.15%
2024	94,900	557,000	7,630,000	63,100,000	17.0%	1.24%	0.15%
2025	96,000	563,000	7,700,000	63,900,000	17.1%	1.25%	0.15%
Average Annual growth							

Makhanda Mining – Social and Labour Plan (2023 – 2027)

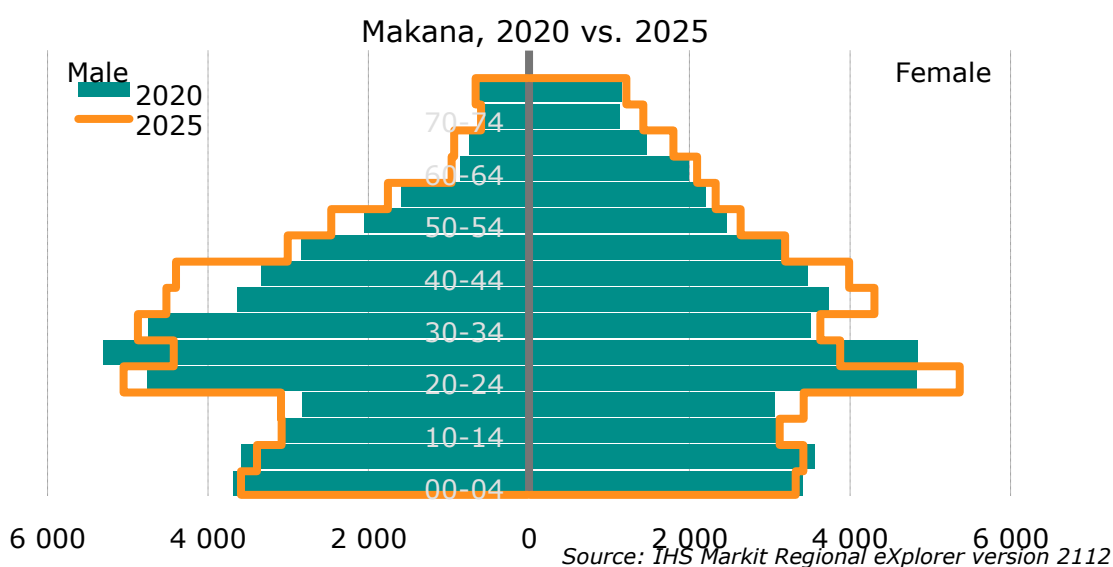
2020-2025	0.98%	1.08%	0.92%	1.32%			
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Source: IHS Markit Regional Explorer version 2112

The population projection of Makana Local Municipality shows an estimated average annual growth rate of 1.0% between 2020 and 2025. The average annual growth rate in the population over the projection period for Sarah Baartman District Municipality, Eastern Cape Province and South Africa is 1.1%, 0.9% and 1.3% respectively. The Eastern Cape Province is estimated to have an average growth rate of 0.9% which is very similar than that of the Makana Local Municipality. The South Africa as a whole is estimated to have an average annual growth rate of 1.3% which is very similar than that of Makana's projected growth rate.

POPULATION PYRAMID - MAKANA LOCAL MUNICIPALITY, 2020 VS. 2025 [PERCENTAGE]

POPULATION STRUCTURE



The population pyramid reflects a projected change in the structure of the population from 2020 and 2025. The differences can be explained as follows:

In 2020, there is a significantly larger share of young working age people between 20 and 34 (30.6%), compared to what is estimated in 2025 (28.4%). This age category of young working age population will decrease over time.

The fertility rate in 2025 is estimated to be slightly higher compared to that experienced in 2020.

The share of children between the ages of 0 to 14 years is projected to be significant smaller (20.8%) in 2025 when compared to 2020 (22.4%).

In 2020, the female population for the 20 to 34 years age group amounts to 14.4% of the total female population while the male population group for the same age amounts to 16.2% of the total male population. In 2025, the male working age population at 15.0% still exceeds that of the female population working age population at 13.4%, although both are at a lower level compared to 2020.

Population by population group, Gender and Age

Makhanda Mining – Social and Labour Plan (2023 – 2027)

The total population of a region is the total number of people within that region measured in the middle of the year. Total population can be categorised according to the population group, as well as the sub-categories of age and gender. The population groups include African, White, Coloured and Asian, where the Asian group includes all people originating from Asia, India and China. The age subcategory divides the population into 5-year cohorts, e.g. 0-4, 5-9, 10-13, etc.

TABLE: POPULATION BY GENDER - MAKANA AND THE REST OF SARAH BAARTMAN DISTRICT MUNICIPALITY, 2020 [NUMBER].

	Male	Female	Total
Makana	44,284	47,104	91,388
Dr Beyers Naude	43,511	44,961	88,472
Blue Crane Route	19,480	19,858	39,338
Ndlambe	34,729	37,577	72,306
Sundays River Valley	35,990	31,902	67,891
Kouga	63,562	62,658	126,220
Kou-Kamma	24,267	23,476	47,743
Sarah Baartman	265,823	267,536	533,359

Source: IHS Markit Regional eXplorer version 2112

Makana Local Municipality's male/female split in population was 94.0 males per 100 females in 2020. The Makana Local Municipality appears to be a fairly stable population with the share of female population (51.54%) being very similar to the national average of (51.03%). In total there were 47 100 (51.54%) females and 44 300 (48.46%) males. This is different from the Sarah Baartman District Municipality as a whole where the female population counted 268 000 which constitutes 50.16% of the total population of 533 000.

TABLE: POPULATION BY POPULATION GROUP, GENDER AND AGE - MAKANA LOCAL MUNICIPALITY, 2020 [NUMBER].

	African		White		Coloured		Asian	
	Female	Male	Female	Male	Female	Male	Female	Male
00-04	2,850	3,090	110	176	428	405	28	12
05-09	2,970	3,000	194	90	392	459	10	38
10-14	2,480	2,470	146	154	496	473	2	10
15-19	2,350	2,100	260	320	419	401	28	7
20-24	3,550	3,630	696	712	531	403	57	6
25-29	4,060	4,570	237	215	512	483	41	40
30-34	3,020	4,030	161	211	319	468	7	42

Makhanda Mining – Social and Labour Plan (2023 – 2027)

35-39	3,210	3,140	171	156	338	324	20	18
40-44	2,860	2,770	213	198	377	344	25	21
45-49	2,500	2,200	272	253	376	372	11	12
50-54	1,930	1,520	172	201	352	321	0	11
55-59	1,700	1,100	180	189	310	283	3	10
60-64	1,590	603	113	107	261	144	14	2
65-69	1,140	500	139	137	167	100	14	2
70-74	890	373	91	121	149	91	0	12
75+	910	431	138	111	102	75	8	21
Total	38,000	35,500	3,290	3,350	5,530	5,150	266	265

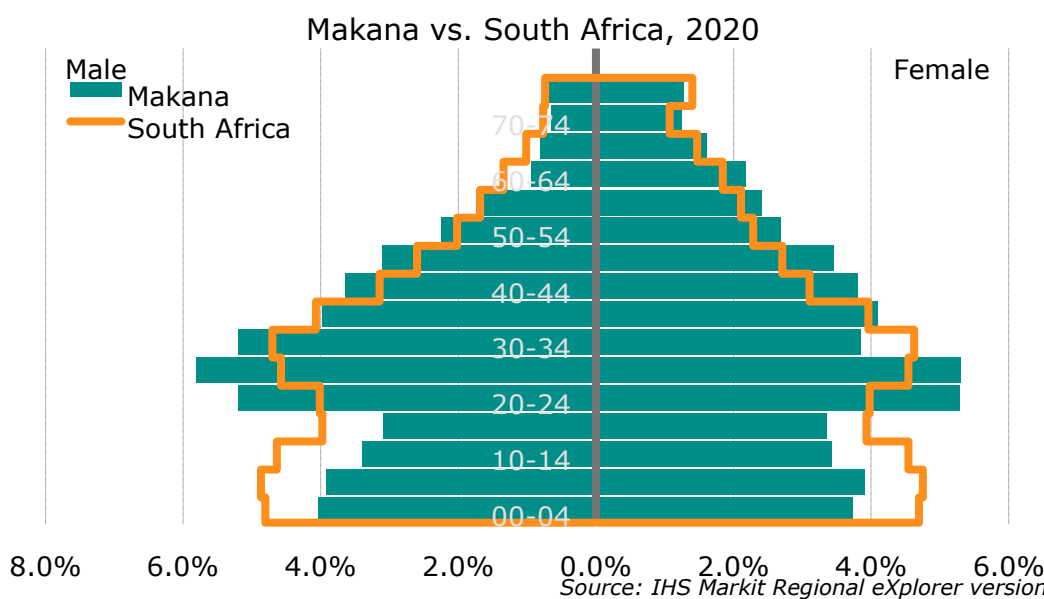
Source: IHS Markit Regional eXplorer version 2112

In 2020, the Makana Local Municipality's population consisted of 80.47% African (73 500), 7.27% White (6 640), 11.68% Coloured (10 700) and 0.58% Asian (531) people.

The largest share of population is within the young working age (25-44 years) age category with a total number of 32 600 or 35.7% of the total population. The age category with the second largest number of people is the babies and kids (0-14 years) age category with a total share of 22.4%, followed by the older working age (45-64 years) age category with 17 100 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 5 720 people, **as reflected in the population pyramids below.**

POPULATION PYRAMID - MAKANA LOCAL MUNICIPALITY VS. SOUTH AFRICA, 2020 [PERCENTAGE]

POPULATION STRUCTURE



Source: IHS Markit Regional eXplorer version 2112

By comparing the population pyramid of the Makana Local Municipality with the national age structure, the most significant differences are:

Makhanda Mining – Social and Labour Plan (2023 – 2027)

There is a significantly larger share of young working age people - aged 20 to 34 (30.6%) - in Makana, compared to the national picture (26.4%).

The area appears to be a migrant receiving area, with many of people migrating into Makana, either from abroad, or from the more rural areas in the country looking for better opportunities.

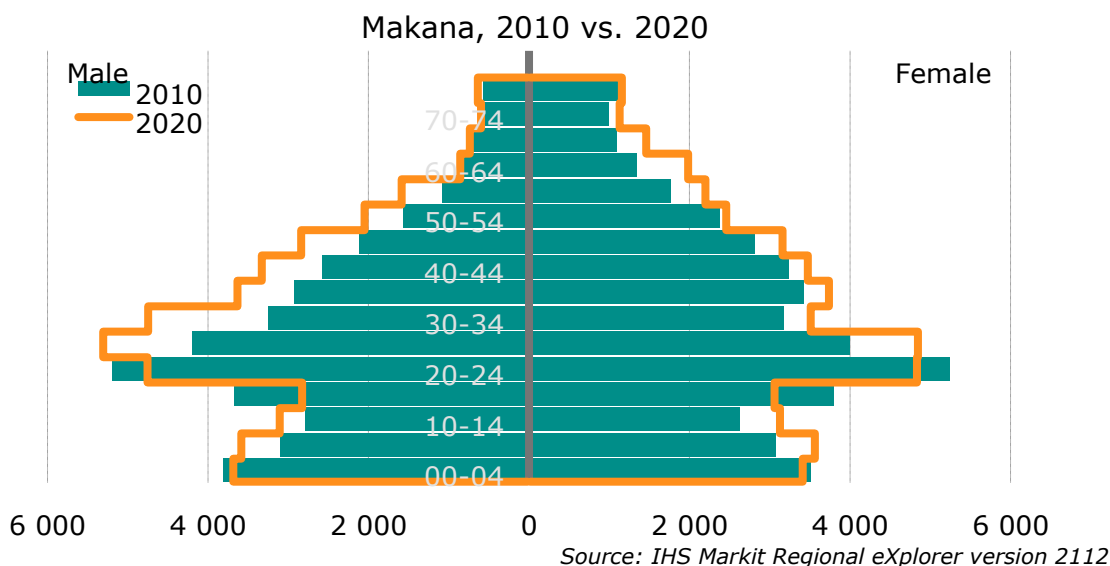
Fertility in Makana is significant lower compared to South Africa as a whole.

Spatial policies changed since 1994.

The share of children between the ages of 0 to 14 years is significant smaller (22.4%) in Makana compared to South Africa (28.3%). Demand for expenditure on schooling as percentage of total budget within Makana Local Municipality will therefore be lower than that of South Africa.

POPULATION PYRAMID - MAKANA LOCAL MUNICIPALITY, 2010 VS. 2020 [PERCENTAGE]

POPULATION STRUCTURE



When comparing the 2010 population pyramid with the 2020 pyramid for the Makana Local Municipality, some interesting differences are visible:

In 2010, there were a slightly smaller share of young working age people - aged 20 to 34 (30.3%) - compared to 2020 (30.6%).

Fertility in 2010 was slightly higher compared to that of 2020.

The share of children between the ages of 0 to 14 years is slightly larger in 2010 (22.9%) compared to 2020 (22.4%). Life expectancy is increasing.

In 2020, the female population for the 20 to 34 years age group amounted to 15.0% of the total female population while the male population group for the same age amounted to 15.3% of the total male

Makhanda Mining – Social and Labour Plan (2023 – 2027)

population. In 2010 the male working age population at 16.2% still exceeds that of the female population working age population at 14.4%.

3.1.4 Population by race

According to Census 2011, Makana Local Municipality at that point had a population estimated at 80 390, of which 78% were black African, 8.7% were white, 12.1% were coloured and 0.7% were Indian / Asian, as set out in the table below:

Group	Percentage
Black African	78%
Coloured	12,1%
Indian/Asian	0,7%
White	8,7%
Other	0,6%

Source: [Local Municipality | Statistics South Africa \(statssa.gov.za\)](https://www.statssa.gov.za)

3.1.5 Distribution of population by Language

As is clear from the below table the predominant language within the Makana Local Municipality is isiXhosa at 66.5%, followed by Afrikaans at 13.8% and English at 9.7%. The remaining 10% is made up by the remaining official languages, as more fully set out below.

Language	Percentage
Afrikaans	13,8%
English	9,7%
IsiNdebele	0,2%

Makhanda Mining – Social and Labour Plan (2023 – 2027)

Language	Percentage
IsiXhosa	66,5%
IsiZulu	0,4%
Sepedi	0,2%
Sesotho	0,3%
Setswana	0,2%
Sign Language	0,6%
SiSwati	0%
Tshivenda	0%
Xitsonga	0,1%
Other	0.8%
Not Applicable	6,9%

3.1.6 Economic Profile

The Makana Local Municipality does not function in isolation from Sarah Baartman, Eastern Cape Province, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning. Information is needed that will empower the municipality to plan and implement policies that will encourage the social development and economic growth of the people and industries in the municipality respectively.

3.1.6.1 Gross Domestic Product by Region (GDP-R)

The Gross Domestic Product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

Gross Domestic Product by Region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies. GDP-R can be measured using either current or constant prices, where the current prices measures the economy in actual Rand, and constant prices measures the economy by removing the effect of inflation, and therefore captures the real growth in volumes, as if prices were fixed in a given base year.

TABLE: GROSS DOMESTIC PRODUCT (GDP) - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [R BILLIONS, CURRENT PRICES]

	Makana	Sarah Baartman	Eastern Cape	National Total	Makana as % of district municipality	Makana as % of province	Makana as % of national
2010	3.8	21.1	211.6	2,748.0	18.1%	1.81%	0.14%
2011	4.0	22.7	226.0	3,023.7	17.8%	1.79%	0.13%
2012	4.4	25.5	252.3	3,253.9	17.3%	1.75%	0.14%
2013	4.6	27.1	273.2	3,540.0	17.1%	1.70%	0.13%
2014	5.0	28.7	293.6	3,805.3	17.3%	1.69%	0.13%
2015	5.3	30.8	316.3	4,049.9	17.3%	1.68%	0.13%
2016	5.7	32.8	334.4	4,359.1	17.3%	1.69%	0.13%
2017	6.1	35.4	358.6	4,653.6	17.3%	1.71%	0.13%
2018	6.5	37.5	375.5	4,873.9	17.4%	1.73%	0.13%
2019	6.8	39.4	387.4	5,077.6	17.2%	1.75%	0.13%
2020	6.7	38.5	378.1	4,974.0	17.5%	1.78%	0.14%

Source: IHS Markit Regional eXplorer version 2112

With a GDP of R 6.72 billion in 2020 (up from R 3.83 billion in 2010), the Makana Local Municipality contributed 17.45% to the Sarah Baartman District Municipality GDP of R 38.5 billion in 2020 increasing in the share of the Sarah Baartman from 18.09% in 2010. The Makana Local Municipality contributes 1.78% to the GDP of Eastern Cape Province and 0.14% the GDP of South Africa which had a total GDP of R 4.97 trillion in 2020 (as measured in nominal or current prices).It's contribution to the national economy stayed similar in importance from 2010 when it contributed 0.14% to South Africa, but it is lower than the peak of 0.14% in 2010.

TABLE: GROSS DOMESTIC PRODUCT (GDP) - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [ANNUAL PERCENTAGE CHANGE, CONSTANT 2010 PRICES]

Makhanda Mining – Social and Labour Plan (2023 – 2027)

	Makana	Sarah Baartman	Eastern Cape	National Total
2010	1.2%	3.6%	2.4%	3.0%
2011	1.7%	4.6%	3.7%	3.3%
2012	-0.2%	1.3%	2.0%	2.2%
2013	-1.1%	-0.7%	1.4%	2.5%
2014	0.5%	-0.3%	1.3%	1.8%
2015	0.3%	0.8%	0.8%	1.2%
2016	1.0%	0.0%	0.7%	0.4%
2017	2.1%	1.9%	0.6%	1.4%
2018	1.8%	2.5%	0.6%	0.8%
2019	1.8%	2.5%	0.0%	0.2%
2020	-4.7%	-6.5%	-6.7%	-7.0%
Average Annual growth 2010-2020	0.30%	0.58%	0.41%	0.64%

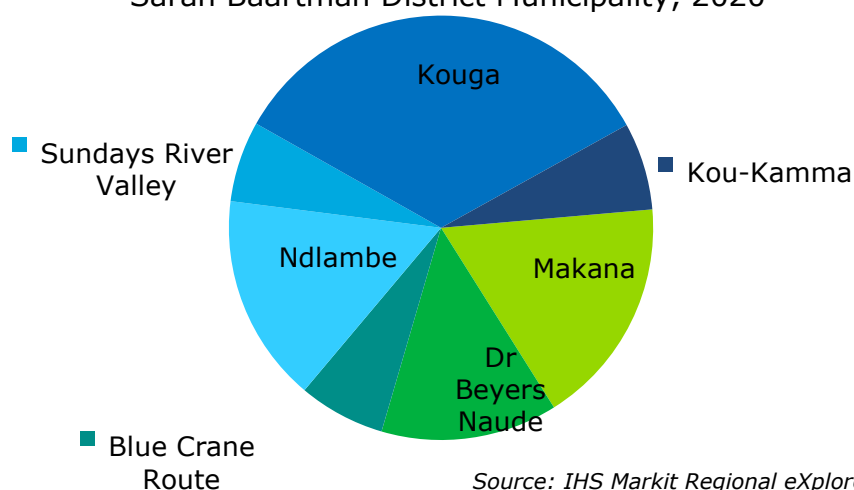
Source: IHS Markit Regional eXplorer version 2112

In 2020, the Makana Local Municipality achieved an annual growth rate of -4.69% which is a significantly higher GDP growth than the Eastern Cape Province's -6.71%, but is higher than that of South Africa, where the 2020 GDP growth rate was -6.96%. Contrary to the short-term growth rate of 2020, the longer-term average growth rate for Makana (0.30%) is slightly lower than that of South Africa (0.64%). The economic growth in Makana peaked in 2017 at 2.09%.

GROSS DOMESTIC PRODUCT (GDP) - MAKANA LOCAL MUNICIPALITY AND THE REST OF SARAH BAARTMAN, 2020 [PERCENTAGE]

GROSS DOMESTIC PRODUCT (GDP)

Sarah Baartman District Municipality, 2020



Source: IHS Markit Regional eXplorer version 2112

Makhanda Mining – Social and Labour Plan (2023 – 2027)

The Makana Local Municipality had a total GDP of R 6.72 billion and in terms of total contribution towards Sarah Baartman District Municipality the Makana Local Municipality ranked second relative to all the regional economies to total Sarah Baartman District Municipality GDP. This ranking in terms of size compared to other regions of Makana remained the same since 2010. In terms of its share, it was in 2020 (17.5%) slightly smaller compared to what it was in 2010 (18.1%). For the period 2010 to 2020, the average annual growth rate of 0.3% of Makana was the fifth relative to its peers in terms of growth in constant 2010 prices.

TABLE: GROSS DOMESTIC PRODUCT (GDP) - REGIONS WITHIN SARAH BAARTMAN DISTRICT MUNICIPALITY, 2010 TO 2020, SHARE AND GROWTH

	2020 (Current prices)	Share of district municipality	2010 (Constant prices)	2020 (Constant prices)	Average Annual growth
Makana	6.72	17.45%	3.83	3.95	0.30%
Dr Beyers Naude	5.18	13.46%	2.90	3.11	0.71%
Blue Crane Route	2.54	6.61%	1.29	1.50	1.51%
Ndlambe	6.11	15.88%	3.75	3.59	-0.44%
Sundays River Valley	2.37	6.16%	1.28	1.35	0.57%
Kouga	13.00	33.78%	6.86	7.72	1.20%
Kou-Kamma	2.56	6.66%	1.50	1.47	-0.25%

Source: IHS Markit Regional Explorer version 2112

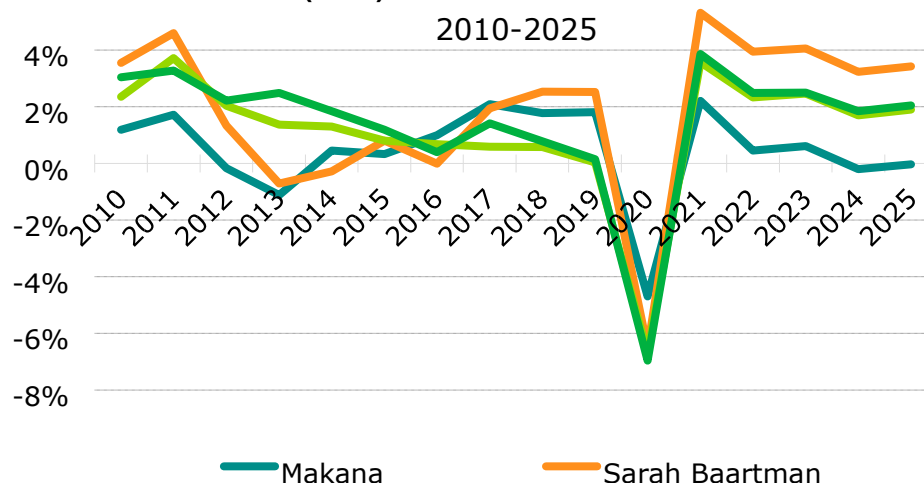
Blue Crane Route had the highest average annual economic growth, averaging 1.51% between 2010 and 2020, when compared to the rest of the regions within Sarah Baartman District Municipality. The Kouga Local Municipality had the second highest average annual growth rate of 1.20%. Ndlambe Local Municipality had the lowest average annual growth rate of -0.44% between 2010 and 2020.

3.1.6.2 Economic Growth Forecast

It is expected that Makana Local Municipality will grow at an average annual rate of 0.61% from 2020 to 2025. The average annual growth rate in the GDP of Sarah Baartman District Municipality and Eastern Cape Province is expected to be 4.00% and 2.39% respectively. South Africa is forecasted to grow at an average annual growth rate of 2.55%, which is higher than that of the Makana Local Municipality.

TABLE: 23 GROSS DOMESTIC PRODUCT (GDP) - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2025 [AVERAGE ANNUAL GROWTH RATE, CONSTANT 2010 PRICES]

Makhanda Mining – Social and Labour Plan (2023 – 2027)

GROSS DOMESTIC PRODUCT (GDP)

Source: IHS Markit Regional eXplorer version 2112

In 2025, Makana's forecasted GDP will be an estimated R 4.07 billion (constant 2010 prices) or 14.7% of the total GDP of Sarah Baartman District Municipality. Makana decreased in importance from ranking second in 2020 to third in 2025, with a contribution to the Sarah Baartman District Municipality GDP of 14.7% in 2025 compared to the 17.4% in 2020. At a 0.61% average annual GDP growth rate between 2020 and 2025, Makana ranked the lowest compared to the other regional economies.

TABLE: GROSS DOMESTIC PRODUCT (GDP) - REGIONS WITHIN SARAH BAARTMAN DISTRICT MUNICIPALITY, 2010 TO 2025, SHARE AND GROWTH

	2025 (Current prices)	Share of district municipality	2010 (Constant prices)	2025 (Constant prices)	Average Annual growth
Makana	8.52	14.90%	3.83	4.07	0.40%
Dr Beyers Naude	7.73	13.52%	2.90	3.81	1.85%
Blue Crane Route	3.85	6.73%	1.29	1.86	2.44%
Ndlambe	9.99	17.47%	3.75	4.80	1.66%
Sundays River Valley	3.81	6.66%	1.28	1.78	2.23%
Kouga	19.83	34.68%	6.86	9.66	2.31%
Kou-Kamma	3.45	6.04%	1.50	1.62	0.49%

Source: IHS Markit Regional eXplorer version 2112

Gross Value Added by Region (GVA-R)

The Makana Local Municipality's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its *value added* produced in the local economy.

TABLE: GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2020 [R BILLIONS, CURRENT PRICES]

Makanda Mining – Social and Labour Plan (2023 – 2027)

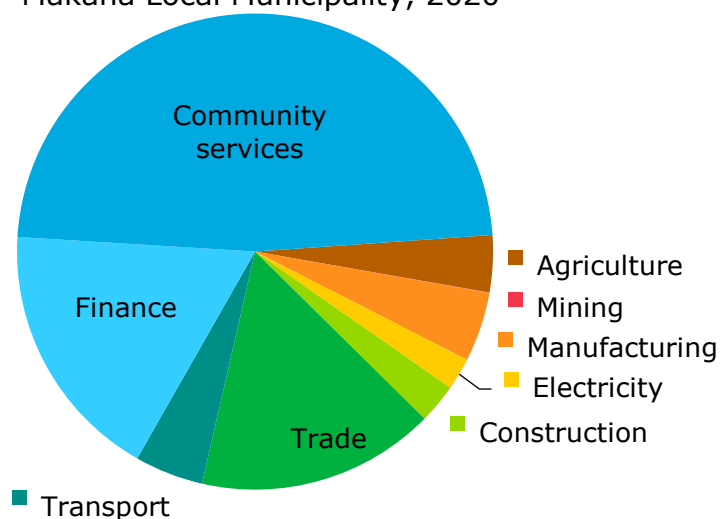
	Makana	Sarah Baartman	Eastern Cape	National Total	Makana as % of district municipality	Makana as % of province	Makana as % of national
Agriculture	0.2	2.7	6.3	119.6	8.8%	3.7%	0.20%
Mining	0.0	0.2	0.5	372.9	0.8%	0.3%	0.00%
Manufacturing	0.3	3.1	43.5	573.4	9.3%	0.7%	0.05%
Electricity	0.1	0.6	9.1	167.2	22.2%	1.5%	0.08%
Construction	0.2	2.2	10.9	140.2	7.5%	1.5%	0.12%
Trade	1.0	7.5	65.7	655.2	13.2%	1.5%	0.15%
Transport	0.3	2.3	27.0	396.4	12.3%	1.1%	0.07%
Finance	1.1	5.3	61.8	879.5	20.6%	1.8%	0.12%
Community services	2.9	11.2	111.1	1,125.3	26.3%	2.6%	0.26%
Total Industries	6.1	35.0	335.8	4,429.7	17.5%	1.8%	0.14%

Source: IHS Markit Regional explorer version 2112

In 2020, the community services sector is the largest within Makana Local Municipality accounting for R 2.93 billion or 47.9% of the total GVA in the local municipality's economy. The sector that contributes the second most to the GVA of the Makana Local Municipality is the finance sector at 17.7%, followed by the trade sector with 16.2%. The sector that contributes the least to the economy of Makana Local Municipality is the mining sector with a contribution of R 1.52 million or 0.02% of the total GVA.

GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2020 [PERCENTAGE COMPOSITION]

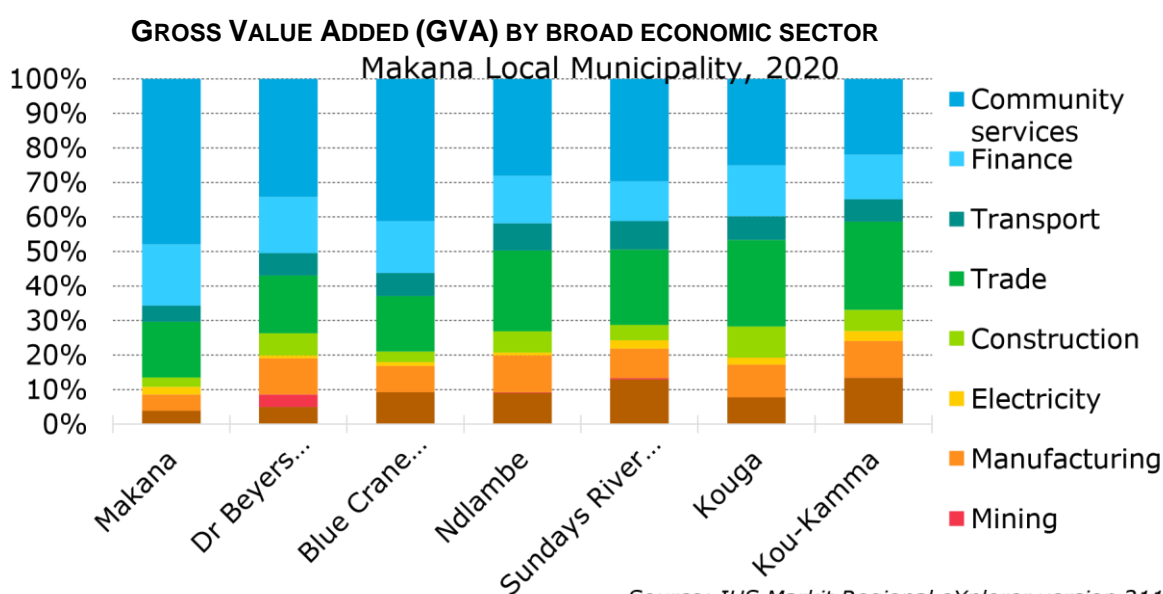
GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR
Makana Local Municipality, 2020



Source: IHS Markit Regional eXplorer version 2112

The community sector, which includes the government services, is generally a large contributor towards GVA. When looking at all the regions within the Sarah Baartman District Municipality, it is clear that the Kouga contributes the most community services towards its own GVA, with 26.81%, relative to the other regions within Sarah Baartman District Municipality. The Kouga contributed R 12 billion or 34.19% to the GVA of Sarah Baartman District Municipality. The Kouga also contributes the most the overall GVA of Sarah Baartman District Municipality.

GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - MAKANA, DR BEYERS NAUDE, BLUE CRANE ROUTE, NDLAMBE, SUNDAYS RIVER VALLEY, KOUGA AND KOU-KAMMA, 2020 [PERCENTAGE COMPOSITION]



Historical Economic Growth

For the period 2020 and 2010, the GVA in the finance sector had the highest average annual growth rate in Makana at 0.88%. The industry with the second highest average annual growth rate is the community services sector averaging at 0.64% per year. The construction sector had an average annual growth rate of -2.09%, while the mining sector had the lowest average annual growth of -2.86%. Overall a negative growth existed for all the industries in 2020 with an annual growth rate of -4.29% since 2019.

TABLE: GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2010, 2015 AND 2020 [R MILLIONS, 2010 CONSTANT PRICES]

	2010	2015	2020	Average Annual growth
Agriculture	105.9	119.4	110.4	0.42%
Mining	4.0	3.1	3.0	-2.86%
Manufacturing	183.5	171.0	163.1	-1.17%
Electricity	37.6	35.7	33.9	-1.04%

Makhanda Mining – Social and Labour Plan (2023 – 2027)

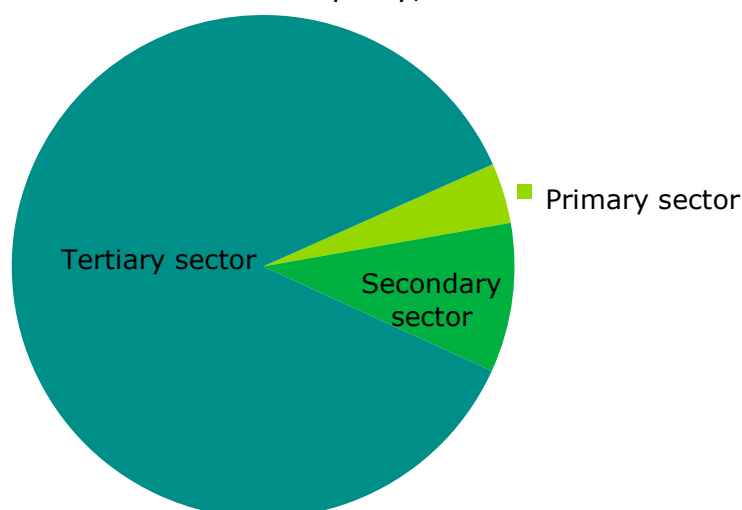
Construction	119.3	121.0	96.6	-2.09%
Trade	589.7	607.2	589.7	0.00%
Transport	194.9	200.6	184.9	-0.52%
Finance	684.7	721.9	747.7	0.88%
Community services	1,623.2	1,592.7	1,730.6	0.64%
Total Industries	3,542.7	3,572.6	3,659.9	0.33%

Source: IHS Markit Regional eXplorer version 2112

The tertiary sector contributes the most to the Gross Value Added within the Makana Local Municipality at 86.5%. This is significantly higher than the national economy (69.0%). The secondary sector contributed a total of 9.6% (ranking second), while the primary sector contributed the least at 3.9%.

**GROSS VALUE ADDED (GVA) BY AGGREGATE ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2020
[PERCENTAGE]**

**GROSS VALUE ADDED (GVA) BY AGGREGATE SECTOR
Makana Local Municipality, 2020**



Source: IHS Markit Regional eXplorer version 2112

The following is a breakdown of the Gross Value Added (GVA) by aggregated sector:

3.2. KEY ECONOMIC ACTIVITIES (REGULATION 46 (c) (ii))

3.2.1 Primary Sector

The primary sector consists of two broad economic sectors namely the mining and the agricultural sector. The following chart represents the average growth rate in the GVA for both of these sectors in Makana Local Municipality from 2010 to 2020.

GROSS VALUE ADDED (GVA) BY PRIMARY SECTOR - MAKANA, 2010-2020 [ANNUAL PERCENTAGE CHANGE]

Makhanda Mining – Social and Labour Plan (2023 – 2027)

Between 2010 and 2020, the agriculture sector experienced the highest positive growth in 2017 with an average growth rate of 21.7%. The mining sector reached its highest point of growth of 4.2% in 2020. The agricultural sector experienced the lowest growth for the period during 2016 at -17.0%, while the mining sector reaching its lowest point of growth in 2015 at -8.6%. Both the agriculture and mining sectors are generally characterised by volatility in growth over the period.

3.2.2 Secondary Sector

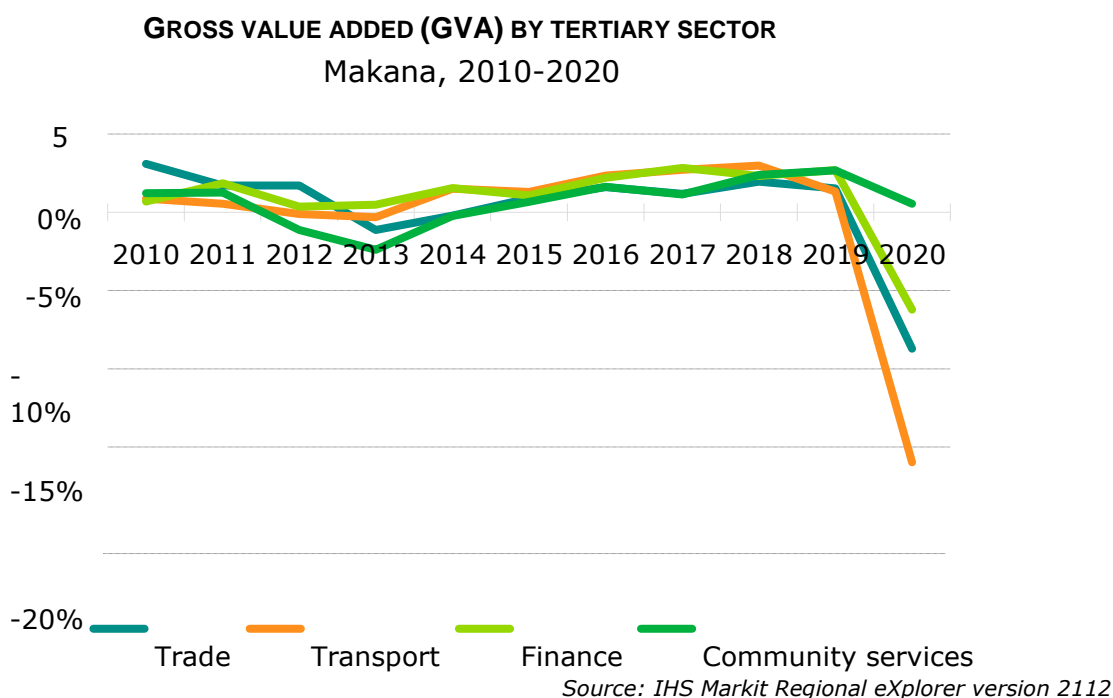
The secondary sector consists of three broad economic sectors namely the manufacturing, electricity and the construction sector. The following chart represents the average growth rates in the GVA for these sectors in Makana Local Municipality from 2010 to 2020.

Between 2010 and 2020, the manufacturing sector experienced the highest positive growth in 2010 with a growth rate of 2.5%. The construction sector reached its highest growth in 2013 at 1.9%. The manufacturing sector experienced its lowest growth in 2020 of -10.0%, while construction sector also had the lowest growth rate in 2020 and it experiences a negative growth rate of -20.3% which is higher growth rate than that of the manufacturing sector. The electricity sector experienced the highest growth in 2010 at 2.0%, while it recorded the lowest growth of -6.4% in 2020.

3.2.3 Tertiary Sector

The tertiary sector consists of four broad economic sectors namely the trade, transport, finance and the community services sector. The following chart represents the average growth rates in the GVA for these sectors in Makana Local Municipality from 2010 to 2020.

GROSS VALUE ADDED (GVA) BY TERTIARY SECTOR - MAKANA, 2010-2020 [ANNUAL PERCENTAGE CHANGE]



The trade sector experienced the highest positive growth in 2010 with a growth rate of 3.1%. The transport sector reached its highest point of growth in 2018 at 3.0%. The finance sector experienced the highest growth rate in 2017 when it grew by 2.8% and recorded the lowest growth rate in 2020 at -6.2%. The Trade sector also had the lowest growth rate in 2020 at -8.7%. The community services sector, which largely

Makhanda Mining – Social and Labour Plan (2023 – 2027)

consists of government, experienced its highest positive growth in 2019 with 2.7% and the lowest growth rate in 2013 with -2.4%.

3.2.4 Sector Growth forecast

The GVA forecasts are based on forecasted growth rates derived from two sources: historical growth rate estimates and national level industry forecasts. The projections are therefore partly based on the notion that regions that have performed well in the recent past are likely to continue performing well (and vice versa) and partly on the notion that those regions that have prominent sectors that are forecast to grow rapidly in the national economy (e.g. finance and telecommunications) are likely to perform well (and vice versa). As the target year moves further from the base year (2010) so the emphasis moves from historical growth rates to national-level industry growth rates.

TABLE: GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2020-2025 [R MILLIONS, CONSTANT 2010 PRICES]

	2020	2021	2022	2023	2024	2025	Average Annual growth
Agriculture	110.4	111.7	104.5	101.6	100.8	100.0	-1.97%
Mining	3.0	3.1	3.3	3.8	4.2	4.5	8.48%
Manufacturing	163.1	165.7	166.7	167.1	165.4	164.1	0.12%
Electricity	33.9	34.0	35.1	36.1	37.1	38.1	2.35%
Construction	96.6	94.2	95.2	96.1	96.6	97.0	0.09%
Trade	589.7	615.3	627.5	637.4	634.6	633.1	1.43%
Transport	184.9	191.9	195.7	198.2	198.5	199.0	1.49%
Finance	747.7	749.0	767.3	778.4	785.6	793.5	1.20%
Community services	1,730.6	1,762.8	1,744.2	1,740.2	1,726.8	1,719.9	-0.12%
Total Industries	3,659.9	3,727.8	3,739.4	3,758.8	3,749.5	3,749.1	0.48%

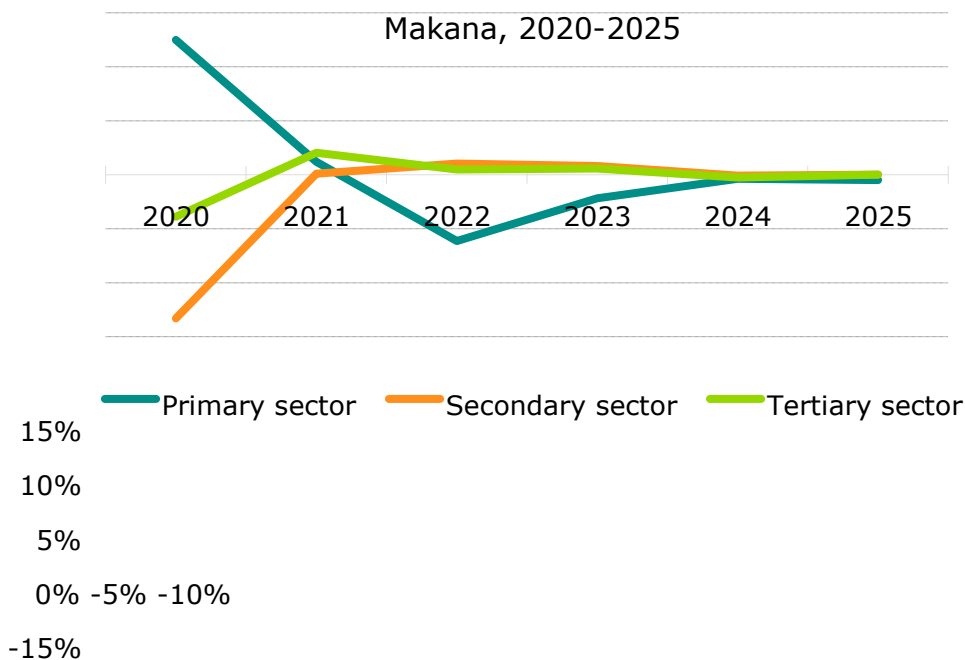
Source: IHS Markit Regional explorer version 2112

The mining sector is expected to grow fastest at an average of 8.48% annually from R 2.99 million in Makana Local Municipality to R 4.49 million in 2025. The community services sector is estimated to be the largest sector within the Makana Local Municipality in 2025, with a total share of 45.9% of the total GVA (as measured in current prices), growing at an average annual rate of -0.1%. The sector that is estimated to grow the slowest is the agriculture sector with an average annual growth rate of -1.97%.

CHART: GROSS VALUE ADDED (GVA) BY AGGREGATE ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2020-2025 [ANNUAL GROWTH RATE, CONSTANT 2010 PRICES]

Makhanda Mining – Social and Labour Plan (2023 – 2027)

GROSS VALUE ADDED (GVA) BY AGGREGATE SECTOR



Source: IHS Markit Regional eXplorer version 2112

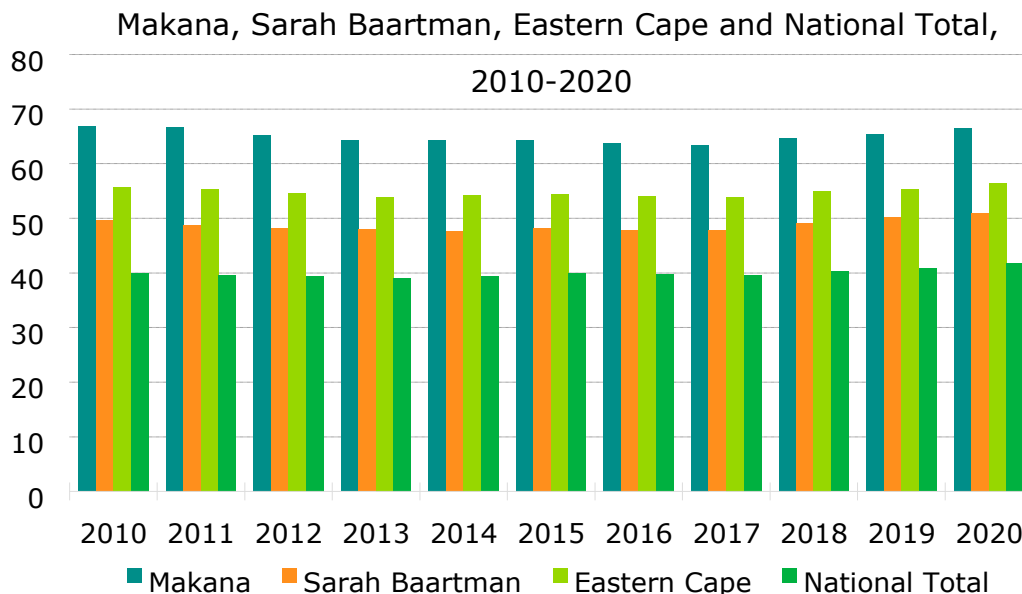
The Primary sector is expected to grow at an average annual rate of -1.64% between 2020 and 2025, with the Secondary sector growing at 0.38% on average annually. The Tertiary sector is expected to grow at an average annual rate of 0.56% for the same period.

3.2.5. Tress Index – Concentration of Economy

The Tress index measures the degree of concentration of an area's economy on a sector basis. A Tress index value of 0 means that all economic sectors in the region contribute equally to GVA, whereas a Tress index of 100 means that only one economic sector makes up the whole GVA of the region.

TRESS INDEX - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [NUMBER]

TRESS INDEX



Source: IHS Markit Regional eXplorer version 2112

In 2020, Makana's Tress Index was estimated at 66.5 which are higher than the 51 of the district municipality and higher than the 51 of the province. This implies that - on average - Makana Local Municipality is less diversified in terms of its economic activity spread than the province's economy as a whole.

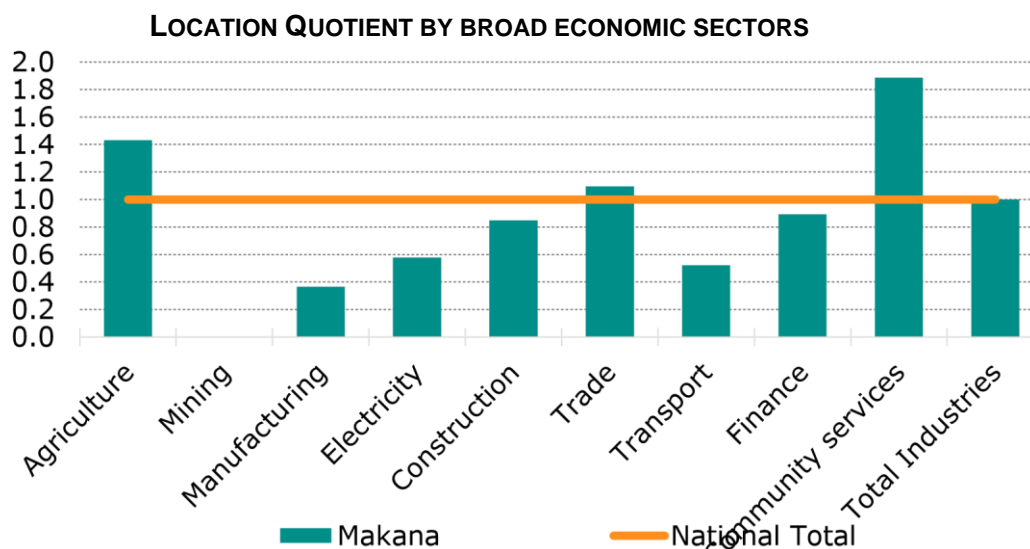
The Makana Local Municipality has a concentrated community services sector.

3.2.5 Location Quotient

If the location quotient is larger than one for a specified sector within a region, then that region has a comparative advantage in that sector. This is because the share of that sector of the specified regional economy is greater than the same sector in the national economy. The location quotient is usually computed by taking the percentage share of the sector in the regional economy divided by the percentage share of that same sector in the national economy.

Makhanda Mining – Social and Labour Plan (2023 – 2027)

LOCATION QUOTIENT BY BROAD ECONOMIC SECTORS - MAKANA LOCAL MUNICIPALITY AND SOUTH AFRICA, 2020 [NUMBER]



Source: IHS Markit Regional eXplorer version 2112

Makana vs. national, 2020

For 2020 Makana Local Municipality has a very large comparative advantage in the community services sector. The agriculture sector has a comparative advantage. The trade also has a comparative advantage when comparing it to the South Africa economy as a whole, although less prominent. The Makana Local Municipality has a comparative disadvantage when it comes to the mining and manufacturing sector which has a very large comparative disadvantage. In general mining is a very concentrated economic sector. Unfortunately the Makana Local Municipality area currently does not have a lot of mining activity, with an LQ of only 0.00295.

3.2.6 Labour Force

Table: Working Age Population

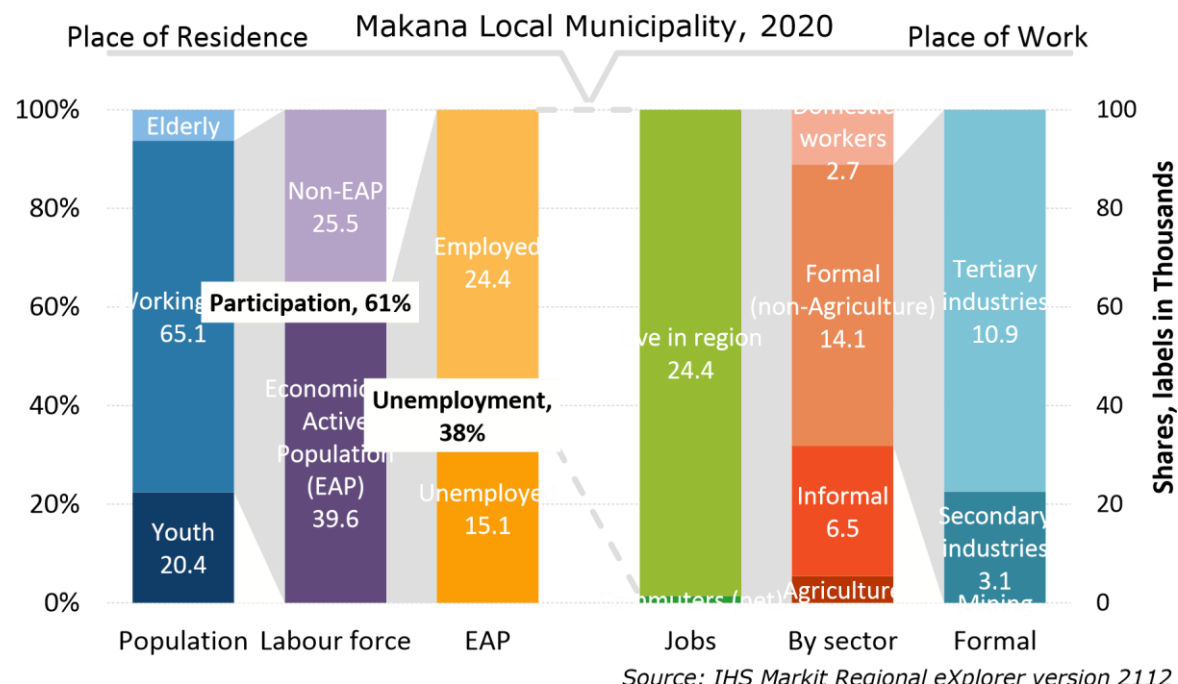
	Makana		Sarah Baartman		Eastern Cape		National Total	
	2010	2020	2010	2020	2010	2020	2010	2020
15-19	7,470	5,890	36,600	33,300	713,000	614,000	5,220,000	4,730,000
20-24	10,400	9,590	43,600	39,600	657,000	552,000	5,350,000	4,780,000
25-29	8,180	10,200	42,300	51,900	542,000	672,000	4,780,000	5,460,000
30-34	6,420	8,260	36,300	48,900	445,000	630,000	3,900,000	5,580,000
35-39	6,350	7,370	36,000	44,000	427,000	515,000	3,420,000	4,800,000
40-44	5,820	6,800	31,600	38,200	367,000	414,000	2,810,000	3,740,000
45-49	4,920	6,000	27,000	33,500	322,000	384,000	2,520,000	3,180,000
50-54	3,940	4,500	21,600	26,300	277,000	322,000	2,150,000	2,570,000

Makhanda Mining – Social and Labour Plan (2023 – 2027)

55-59	2,840	3,780	16,800	22,200	214,000	285,000	1,750,000	2,270,000
60-64	2,170	2,840	14,100	18,100	178,000	246,000	1,410,000	1,900,000
Total	58,500	65,200	306,000	356,000	4,140,000	4,630,000	33,300,000	39,000,000

The working age population in Makana in 2020 was 65 200, increasing at an average annual rate of 1.08% since 2010. For the same period the working age population for Sarah Baartman District Municipality increased at 1.53% annually, while that of Eastern Cape Province increased at 1.13% annually. South Africa's working age population has increased annually by 1.60% from 33.3 million in 2010 to 39 million in 2020.

The graph below combines all the facets of the labour force in the Makana Local Municipality into one compact view. The chart is divided into "place of residence" on the left, which is measured from the population side, and "place of work" on the right, which is measured from the business side.

Labour Glimpse- Makana 2020**LABOUR GLIMPSE****3.2.6 Economically Active Population**

The economically active population (EAP) is a good indicator of how many of the total working age population is in reality participating in the labour market of a region. If a person is economically active, he or she forms part of the labour force.

TABLE: ECONOMICALLY ACTIVE POPULATION (EAP) - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [NUMBER, PERCENTAGE]

Makhanda Mining – Social and Labour Plan (2023 – 2027)

	Makana	Sarah Baartman	Eastern Cape	National Total	Makana as % of district municipality	Makana as % of province	Makana as % of national
2010	30,400	171,000	1,760,000	18,000,000	17.7%	1.73%	0.17%
2011	30,100	173,000	1,770,000	18,300,000	17.5%	1.70%	0.16%
2012	30,600	176,000	1,800,000	18,700,000	17.4%	1.70%	0.16%
2013	31,600	182,000	1,870,000	19,400,000	17.4%	1.69%	0.16%
2014	33,200	191,000	1,970,000	20,200,000	17.4%	1.69%	0.16%
2015	34,600	199,000	2,050,000	20,900,000	17.4%	1.69%	0.17%
2016	36,200	208,000	2,140,000	21,500,000	17.4%	1.69%	0.17%
2017	37,800	216,000	2,230,000	22,100,000	17.5%	1.69%	0.17%
2018	38,600	221,000	2,290,000	22,400,000	17.5%	1.69%	0.17%
2019	39,700	227,000	2,360,000	22,800,000	17.5%	1.68%	0.17%
2020	39,600	225,000	2,380,000	22,300,000	17.6%	1.67%	0.18%
Average Annual growth							
2010-2020	2.69%	2.78%	3.03%	2.14%			

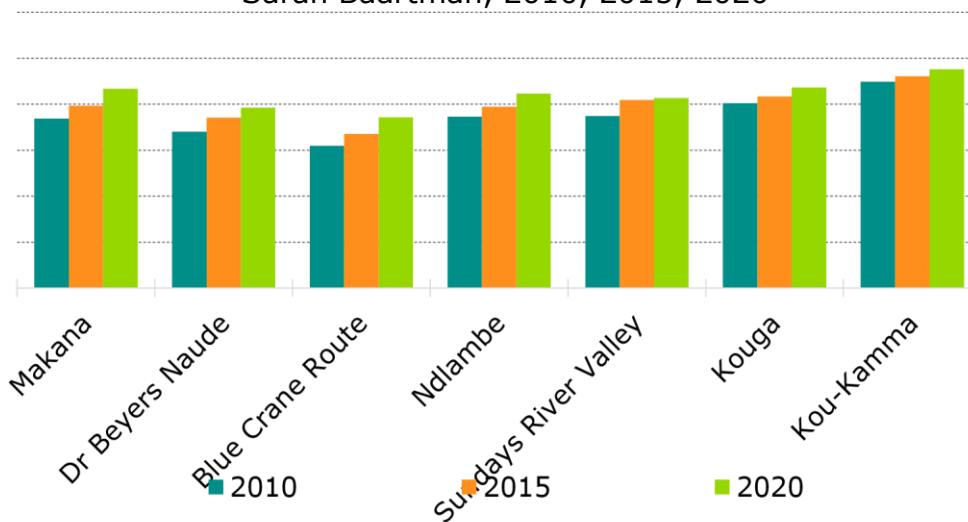
Source: IHS Markit Regional eXplorer version 2112

Makana Local Municipality's EAP was 39 600 in 2020, which is 43.38% of its total population of 91 400, and roughly 17.59% of the total EAP of the Sarah Baartman District Municipality. From 2010 to 2020, the average annual increase in the EAP in the Makana Local Municipality was 2.69%, which is 0.0887 percentage points lower than the growth in the EAP of Sarah Baartman's for the same period.

EAP AS % OF TOTAL POPULATION - MAKANA AND THE REST OF SARAH BAARTMAN, 2010, 2015,

EAP as % of total population

Sarah Baartman, 2010, 2015, 2020



Source: IHS Markit Regional Explorer version 2112

In 2010, 36.9% of the total population in Makana Local Municipality were classified as economically active which increased to 43.4% in 2020. Compared to the other regions in Sarah Baartman District Municipality, Kou-Kamma Local Municipality had the highest EAP as a percentage of the total population within its own region relative to the other regions. On the other hand, Blue Crane Route Local Municipality had the lowest EAP with 37.2% people classified as economically active population in 2020.

3.2.7 Labour Force participation rate**TABLE: THE LABOUR FORCE PARTICIPATION RATE - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [PERCENTAGE]**

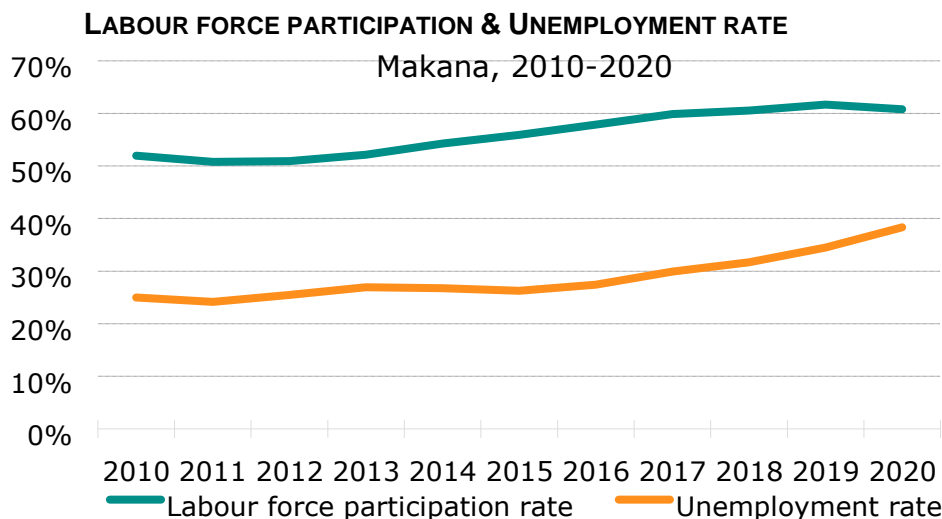
	Makana	Sarah Baartman	Eastern Cape	National Total
2010	51.9%	56.1%	42.6%	54.1%
2011	50.8%	55.5%	42.2%	53.9%
2012	50.9%	55.5%	42.6%	54.3%
2013	52.1%	56.6%	43.9%	55.2%
2014	54.3%	58.6%	45.7%	56.6%
2015	55.9%	60.2%	47.0%	57.7%
2016	57.9%	61.8%	48.6%	58.8%
2017	59.9%	63.3%	50.2%	59.5%
2018	60.6%	63.9%	50.8%	59.4%
2019	61.7%	64.8%	51.8%	59.4%
2020	60.8%	63.3%	51.3%	57.1%

Source: IHS Markit Regional Explorer version 2112

Makhanda Mining - Social and Labour Plan (2021 – 2025)

The Makana Local Municipality's labour force participation rate increased from 51.94% to 60.82% which is an increase of 8.9 percentage points. The Sarah Baartman District Municipality increased from 56.06% to 63.31%, Eastern Cape Province increased from 42.57% to 51.27% and South Africa increased from 54.14% to 57.10% from 2010 to 2020. The Makana Local Municipality labour force participation rate exhibited a higher percentage point change compared to the Eastern Cape Province from 2010 to 2020. The Makana Local Municipality had a higher labour force participation rate when compared to South Africa in 2020.

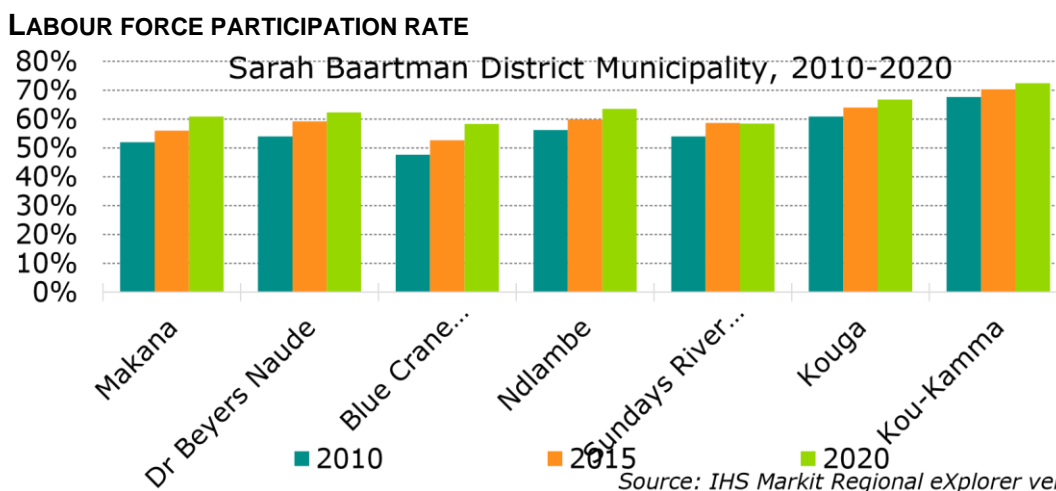
THE LABOUR FORCE PARTICIPATION AND UNEMPLOYMENT RATES - MAKANA LOCAL MUNICIPALITY, 2010-2020 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 2112

In 2020 the labour force participation rate for Makana was at 60.8% which is significantly higher when compared to the 51.9% in 2010. The unemployment rate is an efficient indicator that measures the success rate of the labour force relative to employment. In 2010, the unemployment rate for Makana was 25.0% and increased overtime to 38.3% in 2020. The gap between the labour force participation rate and the unemployment rate decreased which indicates a negative outlook for the employment within Makana Local Municipality.

THE LABOUR FORCE PARTICIPATION RATE - MAKANA AND THE REST OF SARAH BAARTMAN, 2015 AND 2020 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 2112

Makhanda Mining - Social and Labour Plan (2021 – 2025)

Kou-Kamma Local Municipality had the highest labour force participation rate with 72.4% in 2020 increasing from 67.7% in 2010. Blue Crane Route Local Municipality had the lowest labour force participation rate of 58.3% in 2020, this increased from 47.6% in 2010.

3.2.8 Total Employment

Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators.

TABLE: TOTAL EMPLOYMENT - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [NUMBERS]

	Makana	Sarah Baartman	Eastern Cape	National Total
2010	23,100	140,000	1,260,000	13,500,000
2011	23,100	140,000	1,260,000	13,700,000
2012	23,100	142,000	1,270,000	14,000,000
2013	23,400	144,000	1,310,000	14,500,000
2014	24,700	152,000	1,370,000	15,100,000
2015	25,900	159,000	1,430,000	15,600,000
2016	26,600	163,000	1,470,000	15,900,000
2017	26,800	165,000	1,480,000	16,100,000
2018	26,700	166,000	1,470,000	16,300,000
2019	26,400	166,000	1,460,000	16,300,000
2020	24,800	157,000	1,390,000	15,700,000
Average Annual growth				
2010-2020	0.72%	1.17%	0.98%	1.48%

Source: IHS Markit Regional Explorer version 2112

In 2020, Makana employed 24 800 people which is 15.82% of the total employment in Sarah Baartman District Municipality (157 000), 1.79% of total employment in Eastern Cape Province (1.39 million), and 0.16% of the total employment of 15.7 million in South Africa. Employment within Makana increased annually at an average rate of 0.72% from 2010 to 2020.

TABLE: TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR - MAKANA AND THE REST OF SARAH BAARTMAN, 2020 [NUMBERS]

Makana	Dr	Blue	Sundays	Kouga	Kou-Kamma	Total

Makhanda Mining - Social and Labour Plan (2021 – 2025)

	Beyers Naude		Crane Route		River Valley		Sarah Baartman	
Agriculture	1,340	1,820	317	3,060	7,920	7,620	5,900	27,979
Mining	1	5	1	17	1	6	2	34
Manufacturing	2,570	3,610	1,270	1,180	1,150	2,700	1,580	14,043
Electricity	32	36	11	14	43	109	117	362
Construction	2,350	2,180	834	2,270	1,400	4,130	2,100	15,272
Trade	5,090	5,750	2,790	3,600	3,690	8,310	4,000	33,217
Transport	1,210	1,720	569	710	688	1,440	796	7,141
Finance	2,940	2,480	1,130	1,780	1,170	3,250	1,470	14,208
Community services	6,500	4,200	2,140	3,620	2,910	6,590	3,050	29,009
Households	2,760	2,140	1,110	2,170	2,050	3,480	1,750	15,467
Total	24,800	23,900	10,200	18,400	21,000	37,600	20,800	156,732

Source: IHS Markit Regional eXplorer version 2112

Makana Local Municipality employs a total number of 24 800 people within its local municipality. The local municipality that employs the highest number of people relative to the other regions within Sarah Baartman District Municipality is Kouga local municipality with a total number of 37 600. The local municipality that employs the lowest number of people relative to the other regions within Sarah Baartman District Municipality is Blue Crane Route local municipality with a total number of 10 200 employed people.

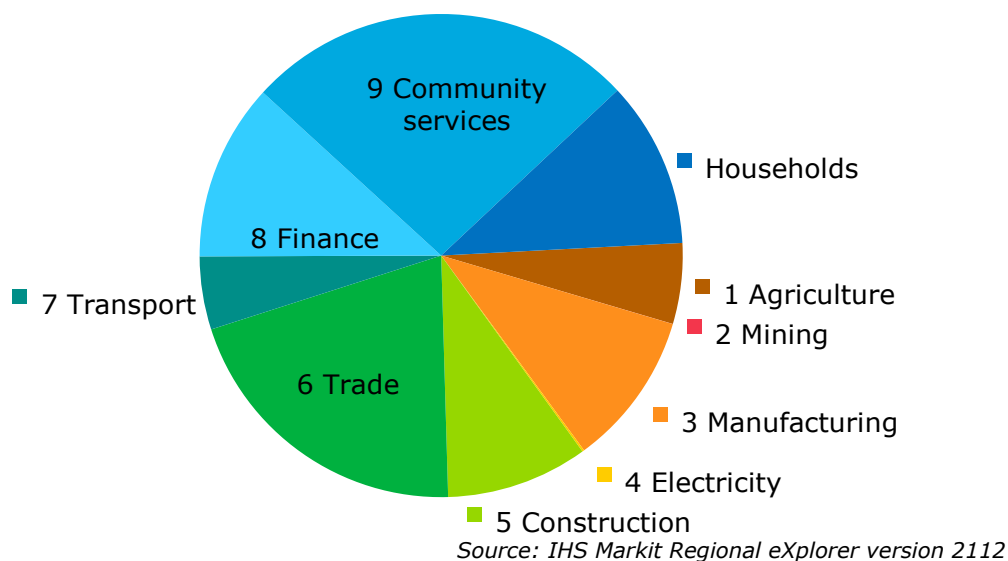
In Makana Local Municipality the economic sectors that recorded the largest number of employment in 2020 were the community services sector with a total of 6 500 employed people or 26.2% of total employment in the local municipality. The trade sector with a total of 5 090 (20.5%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 1.44 (0.0%) is the sector that employs the least number of people in Makana Local Municipality, followed by the electricity sector with 32.4 (0.1%) people employed.

TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2020 [PERCENTAGE]

TOTAL EMPLOYMENT COMPOSITION

Makana, 2020

Makhanda Mining - Social and Labour Plan (2021 – 2025)



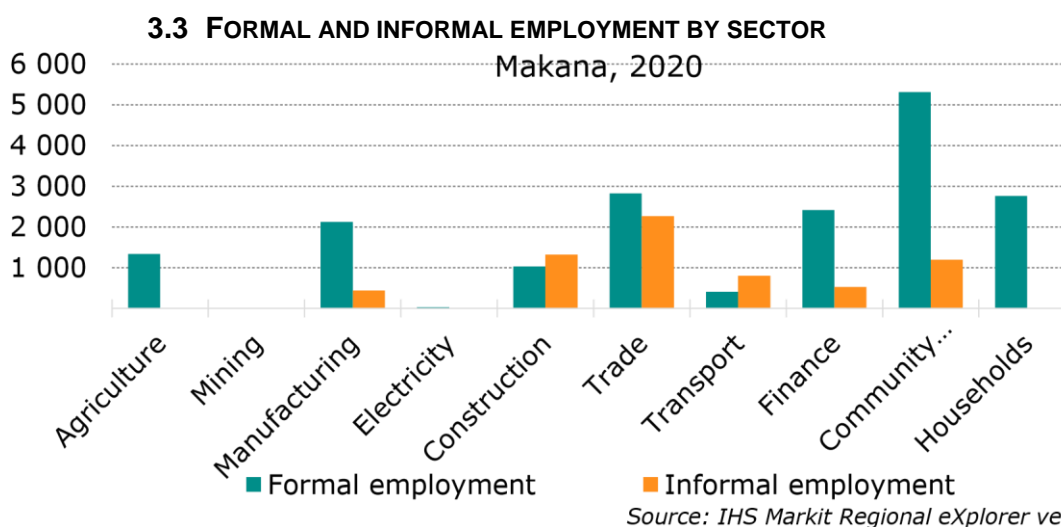
3.2.9 Formal and Informal employment

Total employment can be broken down into formal and informal sector employment. Formal sector employment is measured from the formal business side, and the informal employment is measured from the household side where formal businesses have not been established.

Formal employment is much more stable than informal employment. Informal employment is much harder to measure and manage, simply because it cannot be tracked through the formal business side of the economy. Informal employment is however a reality in South Africa and cannot be ignored.

The number of formally employed people in Makana Local Municipality counted 18 200 in 2020, which is about 73.60% of total employment, while the number of people employed in the informal sector counted 6 540 or 26.40% of the total employment. Informal employment in Makana increased from 5 730 in 2010 to an estimated 6 540 in 2020.

FORMAL AND INFORMAL EMPLOYMENT BY BROAD ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2020 [NUMBERS]



In 2020 the Trade sector recorded the highest number of informally employed, with a total of 2 260 employees or 34.56% of the total informal employment. This can be expected as the barriers to enter the

Makhanda Mining - Social and Labour Plan (2021 – 2025)

Trade sector in terms of capital and skills required is less than with most of the other sectors. The Manufacturing sector has the lowest informal employment with 440 and only contributes 6.72% to total informal employment.

TABLE: FORMAL AND INFORMAL EMPLOYMENT BY BROAD ECONOMIC SECTOR - MAKANA LOCAL MUNICIPALITY, 2020 [NUMBERS]

	Formal employment	Informal employment
Agriculture	1,340	N/A
Mining	1	N/A
Manufacturing	2,130	440
Electricity	32	N/A
Construction	1,030	1,320
Trade	2,820	2,260
Transport	409	803
Finance	2,410	525
Community services	5,310	1,190
Households	2,760	N/A

Source: IHS Markit Regional eXplorer version 2112

Unemployment

The choice of definition for what constitutes being unemployed has a large impact on the final estimates for all measured labour force variables. The following definition was adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, 1982): The "unemployed" comprise all persons above a specified age who during the reference period were:

"Without work", i.e. not in paid employment or self-employment;

"Currently available for work", i.e. were available for paid employment or self-employment during the reference period; and

"Seeking work", i.e. had taken specific steps in a specified reference period to seek paid employment or self-employment. The specific steps may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land.

TABLE: UNEMPLOYMENT (OFFICIAL DEFINITION) - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [NUMBER PERCENTAGE]

	Makana	Sarah Baartman	Eastern Cape	National Total	Makana as % of district municipality	Makana as % of province	Makana as % of national
2010	7,590	30,700	492,000	4,490,000	24.8%	1.54%	0.17%

Makhanda Mining - Social and Labour Plan (2021 – 2025)

2011	7,280	31,000	499,000	4,590,000	23.5%	1.46%	0.16%
2012	7,790	33,000	521,000	4,710,000	23.6%	1.49%	0.17%
2013	8,500	36,200	553,000	4,870,000	23.5%	1.54%	0.17%
2014	8,890	38,100	579,000	5,070,000	23.4%	1.54%	0.18%
2015	9,100	38,900	597,000	5,320,000	23.4%	1.52%	0.17%
2016	9,930	42,900	652,000	5,700,000	23.2%	1.52%	0.17%
2017	11,300	49,600	736,000	6,020,000	22.8%	1.53%	0.19%
2018	12,200	53,200	798,000	6,130,000	23.0%	1.53%	0.20%
2019	13,700	59,400	891,000	6,480,000	23.1%	1.54%	0.21%
2020	15,200	67,300	975,000	6,600,000	22.6%	1.56%	0.23%
Average Annual growth							
2010-2020	7.19%	8.18%	7.09%	3.92%			

Source: IHS Markit Regional Explorer version 2112

In 2020, there were a total number of 15 200 people unemployed in Makana, which is an increase of 7 610 from 7 590 in 2010. The total number of unemployed people within Makana constitutes 22.59% of the total number of unemployed people in Sarah Baartman District Municipality. The Makana Local Municipality experienced an average annual increase of 7.19% in the number of unemployed people, which is better than that of the Sarah Baartman District Municipality which had an average annual increase in unemployment of 8.18%.

TABLE: UNEMPLOYMENT RATE (OFFICIAL DEFINITION) - MAKANA, SARAH BAARTMAN, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [PERCENTAGE]

	Makana	Sarah Baartman	Eastern Cape	National Total
2010	25.0%	17.9%	27.9%	24.9%
2011	24.2%	17.9%	28.2%	25.1%
2012	25.5%	18.8%	28.9%	25.1%
2013	26.9%	19.9%	29.6%	25.2%
2014	26.7%	19.9%	29.4%	25.2%
2015	26.3%	19.5%	29.2%	25.5%
2016	27.5%	20.6%	30.5%	26.4%
2017	29.9%	23.0%	33.0%	27.2%

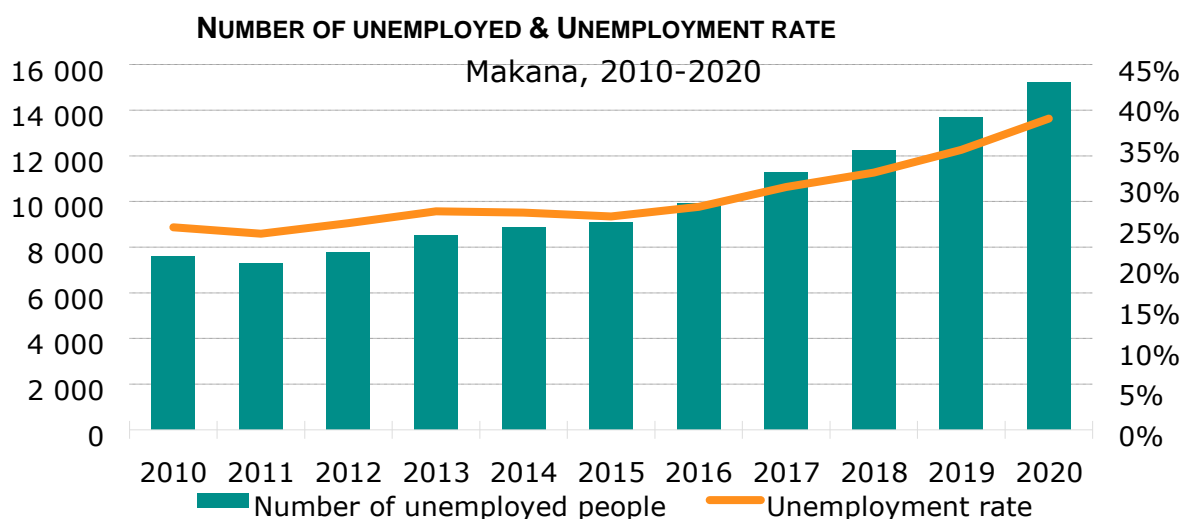
Makhanda Mining - Social and Labour Plan (2021 – 2025)

2018	31.7%	24.1%	34.9%	27.4%
2019	34.5%	26.2%	37.7%	28.4%
2020	38.3%	29.8%	41.1%	29.6%

Source: IHS Markit Regional Explorer version 2112

In 2020, the unemployment rate in Makana Local Municipality (based on the official definition of unemployment) was 38.34%, which is an increase of 13.4 percentage points. The unemployment rate in Makana Local Municipality is higher than that of Sarah Baartman. Comparing to the Eastern Cape Province it can be seen that the unemployment rate for Makana Local Municipality was lower than that of Eastern Cape which was 41.06%. The unemployment rate for South Africa was 29.64% in 2020, which is a increase of -4.71 percentage points from 24.93% in 2010.

UNEMPLOYMENT AND UNEMPLOYMENT RATE (OFFICIAL DEFINITION) - MAKANA LOCAL MUNICIPALITY, 2010-2020 [NUMBER PERCENTAGE]



Source: IHS Markit Regional Explorer version 2112

When comparing unemployment rates among regions within Sarah Baartman District Municipality, Ndlambe Local Municipality has indicated the highest unemployment rate of 40.1%, which has increased from 22.6% in 2010. It can be seen that the Sundays River Valley Local Municipality had the lowest unemployment rate of 18.4% in 2020, this increased from 10.9% in 2010.

3.3. NEGATIVE IMPACT OF THE MINING OPERATION

	Yes	No	If yes, how will this be addressed
Relocation of people		x	
Exhumation of graves		x	
Influx of people		x	
Other		x	

3.4. INFRASTRUCTURE AND POVERTY ERADICATION PROJECTS - NEEDS OF AREA (REGULATION 46(c)(iv))**Table 3.1: Needs of the Area**

General	Specific	Type of need	Municipality
TBC	TBC	TBC	Makana

3.5. Project plan format (Regulation 46(c)(iii))

See table 3.2 below.

Type of project and locality

Makhanda Mining is in the process of liaising with the Makana local municipality in terms of the identification and allocation of an LED project.

3.5.1. Stakeholder's involved in the project

The primary stakeholders involved in the project are *inter alia* the following:-

- Makhanda Mining;
- The local authority;
- The local community;
- SMME suppliers and local labour;
- The Department of Mineral Resources and Energy.

3.5.2. Sustainability of the project

To be confirmed once the LED project has been identified and allocated.

3.5.3. Financial provision over a 5-year timeframe

Makhanda Mining is able to contribute a total amount of R167 594.44 (One Hundred and Sixty Seven Thousand Five Hundred and Ninety Four Rand and Forty Four Rand) in terms of Local Economic Development for the 5-year duration of this SLP.

The expenditure per year will be as follows:

- Year 1 (2023) - R 29 731
- Year 2 (2024) - R 31 514
- Year 3 (2025) - R 33 405
- Year 4 (2026) - R 35 410

Makhanda Mining - Social and Labour Plan (2021 – 2025)

- Year 5 (2027) - R 37 534
- Total R 167 594

3.5.4. Company's exit strategy after implementation

Makhanda Mining will request the local authority to provide Makhanda Mining with written confirmation which confirms that the Mine has fulfilled its obligations in respect of the project.

Makhanda Mining - Social and Labour Plan (2023 – 2027)

Table 3.2: Project Plan

Project Name	TBC		Classification of project		TBC			
Background	To be confirmed once a project has been approved by the municipality.							
Timeframe								
Geographical Location	District Municipality	Local Municipality	Village / Town		Project Start Date		Project End Date	
Eastern Cape	Sarah Baartman	Makana	Makhanda		± 2023		± 2027	
Output	Key performance indicators	Responsible Entity	2023	2024	2025	2026	2027	Total
Infrastructure	Community Consultation & local authority	Applicant and local authority	R29 731	R31 514	R33 405	R35 410	R37 534	R167 594
Type of jobs	No of jobs	Male adults	Female adults	Youth	Total	Comment		
Short-term	TBC	TBC	TBC	TBC	TBC	See above		
Medium term	TBC	TBC	TBC	TBC	TBC	See above		
Long term	TBC	TBC	TBC	TBC	TBC	See above		
Completion	± 2027	Exit strategy	Upon confirmation from local authority			Total: R167 594		

3.6. MEASURES TO ADDRESS HOUSING AND LIVING CONDITIONS (REGULATION 46(c)(IV))**3.6.1. Current status of available dwelling for employees –****Table 3.3: Status of available dwellings for employees**

	Mark (x) where appropriate	Percentage
Hostels	N/A	
Own home	N/A	
Rentals	N/A	
Other (employees will live off site in their own homes within the local community)	X	100%

3.6.2. Preferred requirements for housing and living conditions of the workforce

See paragraph 3.4 below. Housing will not be required having regard to the distance of the mine from the local community. Furthermore, where possible, employees have been sourced from the local community and all employees currently have their own existing housing. Future employees will also be sourced from within the local community, where possible, whom will most likely already have their own existing housing or rental agreements in place. In the event that an employee does not reside within the Makana Local Municipality and has to work away from home, the employee will be paid a living out allowance until such time as the employee relocates to the local municipality, at which time the employee will be provided with a once-off relocation allowance.

3.6.3. Housing and living conditions plan over a five-year period -**Table 3.4: Housing and living conditions**

Type of accommodation	2023 Baseline	2024 25%	2025 50%	2026 75%	2027 100%
Home ownership					
Family units					
Single quarters					
Intended employees are foreseen to have already established households within the local community which they either rent or own off site	Will remain	Will remain	Will remain	Will remain	Will remain

Please refer to paragraph 3.8.3 above.

The underlying principles of the housing strategy are to promote a socially stable community through housing and improved living conditions, which is supported by the following approach:

- A focus on local recruitment. 100% of the employees of Makhanda Mining will reside within the local Makana Municipality.
- Makhanda Mining will support the Infrastructure and Basic Services projects identified, which will provide skills, finance and encouragement for the development of community related infrastructure.
- Active promotion of home ownership through annual awareness campaigns and continuous consultations with worker representatives, as well as the local authority.

Makhanda Mining also intends to implement regular awareness programmes to inform all employees of the benefits of good nutrition, balanced diets, correct method of food preparation to maximize nutritional benefits of food as well as Water and Sanitation guidelines when preparing food, including the use of nutritional diets in the management of HIV/Aids and Tuberculosis.

Makhanda Mining will provide employee transport to and from the site at no cost to the employee.

The employees will also undergo annual medical examinations, at the expense of Makhanda Mining.

The DMRE procurement reporting tool is attached as Form T, Annexure 4.

Makhanda Mining undertakes to do the following in order to facilitate procurement progression: -

- **STEP 1:** Makhanda Mining will ensure that where possible all suppliers of goods and services will be BEE compliant entities, or BEE entities being either HDP, women or youth owned;
- **STEP 2:** Submit a list of the needs of Makhanda Mining to the local authority, as well as request for local SMME and BEE supplier list, after which the local authority will be able to provide the relevant information contained on their database;
- **STEP 3:** Makhanda Mining will investigate each supplier taking *inter alia* the following into account namely: -
 - Quality of the product and service;
 - Price of the product and service;
 - Availability of the product and service;
 - Makhanda Mining's needs.
- **STEP 4:** Makhanda Mining will select the most suitable SMME/BEE suppliers (if any) where possible and make contact with each supplier in order to obtain a quotation. Should the quotation be acceptable to Makhanda Mining the supplier will be selected. It must be pointed out that if there is no suitable SMME/BEE supplier for a specific product or service, Makhanda Mining may make use of an alternate suitable supplier which may or may not have a poor BEE rating/no BEE rating;

- **STEP 5:** Facilitate the efficient transition from the old supplier to the new SMME/BEE supplier (where required) and ensure that procurement from SMME/BEE suppliers is upheld and where possible improved upon.

The aforesaid process will be implemented and upheld for the 5-year duration of the social and labour plan.

4. PROCESSES PERTAINING TO MANAGEMENT OF DOWNSCALING AND RETRENCHMENT (REGULATION 46(D))

4.1. THE ESTABLISHMENT OF THE FUTURE FORUM (REGULATION 46(D)(I))

Makhanda Mining has established a future forum, which will continue to operate as it currently is.

The function of the Future Forum is to:

- Promote discussions between the company and the employees.
- To jointly debate potential solutions to any potential job losses.
- To jointly engage in strategic planning to avoid / minimise any job losses.
- To initiate turnaround and / or redeployment or other appropriate strategies to minimise job losses.
- To jointly structure and implement solutions to prevent job losses.

The Future Forum currently meets a minimum of **three times annually** to discuss the following issues, if applicable at that time:

- Problems or challenges,
- Possible solutions to the problems and challenges, and
- The future of the mine.

If there is the potential for downscaling or retrenchments, members of the Future Forum will be called to a meeting immediately. Possible solutions or alternative to downscaling and retrenchment will be discussed with all present.

4.2. JOB LOSS PREVENTION AND

4.3. MANAGEMENT OF RETRENCHMENTS (REGULATION 46(D)(II))

Consultation with the Department of Labour

The mine will contact the Department of Labour and inform them of the intention to downscale and / or retrench. Should the Department of Labour feel that it is necessary to be involved in the process, the mine will either meet with them to discuss the alternative or they can send a representative to the meeting outlined below.

Consultation with Staff and Representatives

The process described below has been developed to include the procedures outlined in Section 52 of the Minerals and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) and Section 189 of the Labour Relations Act, 1995 (Act No. 66 of 1995).

- Call a meeting with the future forum to discuss the potential downscaling as a result of the economic conditions. When calling this meeting, ensure that the following person(s) have been invited:

Makhanda Mining - Social and Labour Plan (2023 – 2027)

- any person whom the employer is required to consult in terms of a collective agreement,
 - if there is no collective agreement that requires consultation, a workplace forum, if the employees likely to be affected by the proposed dismissals are employed in a workplace in respect of which there is a workplace forum;
 - if there is no workplace forum in the workplace in which the employees likely to be affected by the proposed dismissals are employed, any registered trade union whose members are likely to be affected by the proposed dismissals, or
 - if there is no such trade union, the employees likely to be affected by the proposed dismissals or their representatives nominated for that purpose.
- At the meeting, the employer must disclose, in writing:
 - the reasons for the proposed dismissals,
 - alternatives considered before proposing the dismissals, and the reasons for rejecting alternatives,
 - the employee/s likely to be affected and the job category in which he/she/they are employed,
 - the proposed method for selecting which employee/s to dismiss,
 - the time period during which the dismissals are likely to take effect,
 - the severance pays proposed,
 - any assistance that the employer proposes to offer to the employee likely to be dismissed, and
 - the possibility of the future re-employment of the employee/s who is/are dismissed.
 - The group must discuss the information presented by the employer and either accept what the employer proposes or suggest alternatives.
 - The consultation process during the meeting must ensure:
 - The employer allows the other consulting party an opportunity to make representations about any matter on which they are consulting.
 - The employer must consider and respond to the representations made by the other consulting party and, if the employer does not agree with them, the employer must state the reasons for disagreeing.
 - Subject to the restrictions listed below, an employer must disclose all relevant information to a trade union representative, if any, in order for the representative to
 - perform their functions as outlined in Section 14(4) of the Labour Relations Act, 1995:
 - that is legally privileged,
 - that the employer cannot disclose without contravening a prohibition imposed on the employer by any law or order of any court,
 - that is confidential and, if disclosed, may cause substantial harm to an employee or the employer, or
 - that is private personal information relating to an employee, unless that employee consents to the disclosure of that information.

- All issues must be resolved by the end of the meeting.
- With particular reference to selecting employees for dismissal, the employer must make the selection according to selection criteria:
 - that have been agreed to by the consulting parties, or
 - if no criteria have been agreed, criteria that is fair and objective.
- Minutes of the meeting must be taken.

Mechanisms to provide alternative solutions and procedures for creating job security where job losses cannot be avoided (*Regulation 46(d)(iii)*)

Where retrenchment or closure of the mine is unavoidable the mine will consider the following measures to assist the employee/s who will be affected, inclusive of but not limited to:-

- Determine whether there is a suitable position available at a different site owned and operated by Makhanda Mining or any of its contractors;
- Assist the employee in obtaining UIF benefits;
- Provide the employee with a certificate of service confirming the employee's retrenchment;
- In the event that Makhanda Mining would be able to re-employ in the future (at the mine or at any other site), the employee will be offered the position first.

4.4. MECHANISMS TO AMELIORATE THE SOCIAL AND ECONOMIC IMPACT ON INDIVIDUALS, REGIONS AND ECONOMIES WHERE RETRENCHMENT OR CLOSURE OF THE MINE IS CERTAIN (*REGULATION 46(D)(IV)*)

The impact on the region and local economy should the mine shut down may be significant due to the high percentage of unemployment within the Makana municipality, keeping in mind that mining is one of the biggest contributors to the GDP of the district municipality.

4.4.1. Management of Retrenchments

APPENDIX 4.4.1

In the event that dismissals ensue as a direct result of the mine's operational requirements, Makhanda Mining will ensure that consultations take place with the affected employee/s alternatively his/her/their representative (if any) as required by section 189(1) of the Labour Relations Act 66 of 1995.

Makhanda Mining will ensure that it complies with its obligations in terms of the Labour Relations Act in so far as severance pay is concerned.

The Department of Labour offers a number of services and skills programmes and information for employees who are about to be retrenched. Makhanda Mining will inform the affected employee/s of the existence of these services and skills programmes.

Makhanda Mining will together with a suitably qualified person in the field of labour law ensure that the affected employee/s receives substantial information and advice regarding *inter alia* the following:-

- Appropriate centres able to assist the employee such as Social Plan Centres, Job Advice Centres, Labour Centres etc.;
- Counselling for the employee to promote their absorption into the labour market;

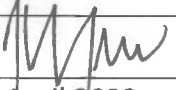
Makhanda Mining - Social and Labour Plan (2023 – 2027)

- How to cope with retrenchment;
- How to draw on support of the community, friends and family;
- What opportunities there are to obtain further training;
- Knowing his/her legal rights;
- Managing money matters;
- Self-employment opportunities and training programmes;
- Job hunting tips;
- Registration as a job seeker;
- Labour market opportunities, local economic development opportunities and other employment opportunities.

5. FINANCIAL PROVISION (REGULATION 46(E)(I), (II) AND (III))

	Financial provision for a 5-year period					
Item	2023	2024	2025	2026	2027	Total
HR development	R10 752.00	R11 397.00	R12 081.00	R12 806.00	R13 575.00	R60 610.00
Local Economic Development	R29 731.00	R31 514.00	R33 405.00	R35 410.00	R37 534.00	R167 594.00
Management of downscaling	R10 000.00	R12 500.00	R15 000.00	R17 500.00	R20 000.00	R 75 000.00
Total	R50 483.00	R55 411.00	R60 486.00	R65 716.00	R71 109.00	R303 204.00

6. UNDERTAKING (REGULATION 46(F))

	Herewith I, the person whose name and identity number is stated below, confirm that I am the Applicant or the person authorised to act as representative of the Applicant in terms of the resolution submitted with the application, and undertake to implement this Social and Labour Plan and adhere to the proposals set forth herein.
Full name(s) and surname	Mr Colin Meyer
Identity number	631120 5033 08 2
Signature	
Date	13 April 2022

Makhanda Mining - Social and Labour Plan (2023 – 2027)

7. ANNEXURES

7.1. Annexure 1: Form Q (DME 327)



DEPARTMENT: MINERALS AND ENERGY
 PROPOSED EMPLOYEES – NOVEMBER 2021
 Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)]

REPUBLIC OF SOUTH AFRICA - THE NUMBER AND EDUCATION LEVELS OF
 [in terms of regulation 46(b)(i)(aa) of the Social and Labour Plan of the Mineral and

BAND	NQF LEVEL	OLD SYSTEM	Male				Female				Total	
			African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female
General Education and Training (GET)	1	No schooling / Unknown										
		Grade 0 / Pre										
		Grade 1 / Sub A										
		Grade 2 / Sub B										
		Grade 3 / Std 1 / ABET 1										
		Grade 4 / Std 2										
		Grade 5 / Std 3 / ABET 2										
		Grade 6 / Std 4	1								1	
		Grade 7 / Std 5 / ABET 3										
		Grade 8 / Std 6	5								5	
Further Education and Training (FET)	2	Grade 9 / Std 7 / ABET 4										
		Grade 10 / Std 8 / N1	2			1				3		
		Grade 11 / Std 9 / N2	2							2		
Higher Education and Training (HET)	3	Grade 12 / Std 10 / N3							1		1	
		5	Diplomas / Certificates				1	1			1	1
		6	First degrees / higher diplomas				1			1	1	1
		7	Honours / Master's degrees									
TOTAL	8	8			3	1			2	13	3	

Makhanda Mining - Social and Labour Plan (2023 – 2027)

7.2. Annexure 2: Form R (DME 328)



**DEPARTMENT: MINERALS AND ENERGY
REPUBLIC OF SOUTH AFRICA**

HARD-TO-FILL VACANCIES AS AT NOVEMBER 2021

[in terms of regulation 46(b)(i)(bb) of the Social and Labour Plan of the Mineral and Petroleum Resources Development Act, 2002
(Act No. 28 of 2002)]

INSTRUCTIONS:

1. For any enquiries, contact the relevant Regional office or designated agency during office hours (refer to List 1).
2. Complete the form in block letters and in black pen.
3. Complete the form in English and do not use abbreviations (e.g. Street not St).

Occupational Level	Job title of Vacancy	Main Reason for being unable to fill the vacancy
Top Management	None	None
Senior Management	Senior management	The operation does not require this occupational level
Professionally qualified and experienced specialists and mid-management	Professionally qualified and experienced specialists and mid-management	The operation does not require this occupational level
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	None	None
	None	None
	None	None
	None	None
Semi-skilled and discretionary decision making	None	None
	None	None
	None	None
	None	None
Unskilled and defined decision making	None	None
	None	None
	None	None

Makhanda Mining - Social and Labour Plan (2023 – 2027)

7.3. ANNEXURE 3: FORM S (DME 325)



**DEPARTMENT: MINERALS AND ENERGY
REPUBLIC OF SOUTH AFRICA**

PROPOSED EMPLOYMENT EQUITY STATISTICS AS AT NOVEMBER 2021

[in terms of regulation 46(b)(v) of the Social and Labour Plan of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)]

OCCUPATIONAL LEVELS	Male				Female				TOTAL	Disabled	
	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female
Top Management											
Senior Management											
Professionally qualified and experienced specialist and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5								5		
Semi-skilled and discretionary decision making.	3								3		
Unskilled and defined decision making	1								1		
TOTAL PERMANENT	3										
Non-permanent employees	6										
TOTAL	9								9		

Makhanda Mining - Social and Labour Plan (2023 – 2027)

7.4. ANNEXURE 4: FORM T (DME 326)



DEPARTMENT: MINERALS AND ENERGY
REPUBLIC OF SOUTH AFRICA
PROCUREMENT AS AT APRIL 2022

[in terms of regulation 46(c) (vi) of the Social and Labour Plan of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)]

CAPITAL GOODS			SERVICES			CONSUMABLES		
Provider and Address	Percentage of total capital goods procurement	HDSA Composition	Provider and Address	Percentage of total services procurement	HDSA Composition	Provider and Address	Percentage of total consumables procurement	HDSA Composition
			Service	Capital		Consumables		
	Total Expenditure					R166 240.00		
	BEE compliant expenditure					TBC		
	BEE owned (>51%) expenditure					TBC		
	Percentage BEE owned expenditure					TBC		
	Percentage BEE compliant expenditure					TBC		

7.5. ANNEXURE 5: QUESTIONNAIRE

SOCIAL AND LABOUR PLAN QUESTIONNAIRE FOR MAKHANDA MINING EMPLOYEES				
“PLEASE COMPLETE AND RETURN TO THE TEAM LEADER”				
BACK GROUND INFORMATION				
NAME:		IDENTITY NUMBER:		GENDER (M OR F):
POSITION:		RESPONSIBILITIES		
RACE:	African:	Coloured:	Indian:	White:
HOME ADDRESS: <i>(Family)</i>			WORK ADDRESS: <i>(Only required if different to family address)</i>	
NUMBER OF DEPENDENTS: <i>(How many people do you support with your salary?)</i>				
WHAT PROBLEMS DO YOU THINK NEEDS TO BE ADDRESSED IN THE COMMUNITY WHERE YOUR FAMILY LIVES?				

Makhanda Mine - Social and Labour Plan (2023 – 2027)

EDUCATION AND TRAINING	
WHAT IS YOUR HIGHEST SCHOOLING LEVEL?	
DO YOU HAVE A TERTIARY EDUCATIONAL QUALIFICATION, IF YES WHAT?	
DO YOU HAVE ANY OTHER QUALIFICATIONS AND IF YES, WHAT?	
WHAT TRAINING COURSES HAVE YOU DONE IN THE LAST 2 YEAR?	
WORK SKILLS NEEDS ANALYSES	
WHAT ADDITIONAL WORK SKILLS DO YOU THINK WOULD BE USEFUL FOR YOU TO PERFORM YOUR JOB?	
WHAT IS YOUR WORKING AMBITION IN THE NEXT 5 YEARS?	
WHAT IS YOUR IDEAL JOB AT THE MINE?	
PORTABLE SKILLS NEEDS ANALYSES	
IF YOU WERE NOT WORKING AT THE MINE, WHAT WORK WOULD YOU WANT TO DO?	
IF YOU WERE NOT WORKING AT THE MINE, WHAT WORK DO YOU THINK YOU COULD DO?	

7.6. ANNEXURE 6: LOCAL ECONOMIC DEVELOPMENT PROJECT – MUNICIPAL APPROVAL