

# **CHAPTER ONE**

## **ORIENTATION TO THE STUDY**

### **1.1 Introduction.**

The title for the envisaged research study, namely, "Assessing Ba-Phalaborwa Local Municipality in Addressing the Social and Economic Mining Impact in Phalaborwa Community" refers to the way local authorities, as a sphere of government; participate in the administration and management of mines, and their contributions to communities' pre and prior apartheid government. The impact of mining in communities where the industries are located is a major problem in many parts of the world. South Africa being a country that has many gold mines, platinum mines, diamond mines, copper mines and phosphate mines experiences a similar problem.

There are four mines within the Ba-Phalaborwa Local Municipality, namely, PMC (Phalaborwa Mining Company), BOSVELD, FOSKOR, and JCI (Gravelotte). In the past, these mines were economically active and they each had many employees. Many people moved from other areas to live in Phalaborwa so that the mines could employ them.

Bethlehem and Goldblatt (1997:1) state that this matter addresses the environmental degradation that resulted from apartheid era and ensure that the path of development is sustainable from an environmental point of view. The mines have a negative influence on the environment. There is air pollution in Phalaborwa which can be noticed during winter. Sometimes the mines emit bad odour. Water pollution was also detected in the Selati River that runs through Phalaborwa. This polluted water comes from the acid trenches that are in the mines. When it rains, the water in the trenches flows into the main river. One farmer even took the mine to court as he claimed that the waste products from the mines were affecting his crops and poultry. This was a wake-up call that could have been used by the local authority to consult with other spheres of government to challenge the mines and to engage them in all environmental management issues. Environmental issues are important these days as they affect the welfare of society. Steps have to be taken in order to make these

industries which boost the economy of the country more responsible in terms of safeguarding the health of the people living around these areas.

This study investigates the impact of mines in the communities of Ba-Phalaborwa Local Municipality. The Ba-Phalaborwa Local Municipality is situated in Limpopo Province. It is about 250 kilometres from the capital city Polokwane.

## **1.2 The problem statement.**

Local Municipalities as a sphere of government in South Africa, in both pre- and post- democracy, experienced serious challenges in administration and management of local mines, and how these impacted on local communities, natural resources, and the environment.

These challenges contributed a lot to the present social and economic status of Ba-Phalaborwa communities and other societies in South Africa, especially areas populated by Black South Africans. Traditional leaders, as land owners, did not benefit directly from these mines as compared to White communities. The infrastructure in villages and townships bears witness. The mines, as the main role player in the economy of Phalaborwa, also remain the main culprit in terms of waste production and being a threat to the environment and directly to the residents of this town. There is an urgent need for greater intervention to avoid the crises.

## **1.3 Motivation of the study.**

There is much debate about socio-economic mining challenges in South Africa. Although much has been debated in this area, less has been researched scientifically. Still today after 16 years of democracy in South Africa, the issue of mines is a serious concern not only to the communities next to the mines, but also to the general citizens of South Africa. It is my view that this study will add value to the body of knowledge about mining socio-economic challenges in South Africa.

## **1.4 Objectives of the study.**

### **1.4.1 General Objectives.**

The aim of the study is to investigate Ba-Phalaborwa Local Municipality on its administration and management of socio-economic impact caused by the mining industry on Ba-Phalaborwa communities.

### **1.4.2 Specific Objectives.**

The specific objectives are to:

- ❖ Investigate how mines contribute to poverty in the area.
- ❖ Investigate the extent of socio-economic crises caused by the mines in the area.
- ❖ Explore the relationship between the mines and the local authorities.
- ❖ Investigate how the municipality address the socio-economic challenges of this area.
- ❖ Recommend some intervention strategies to these crises.

## **1.5 Research questions.**

- ❖ How did the mines contributed to poverty in this area?
- ❖ What is the extent of socio-economic crises caused by the mines in this area?
- ❖ How is the relationship between the local authority and the mines?
- ❖ What are the intervention strategies to these crises are recommended?
- ❖ What are the recommended intervention strategies to the crises?

## **1.6 Research design and methodology.**

### **1.6.1. Research approach.**

According to Welman, Kruger & Mitchell (2005: 6 & 7), there are two main approaches to research. On the one hand we have the positivist approach which is based on a philosophical approach known as logical positivism. It underlies the natural-scientific method in human behavioural research and holds that research

must be limited to what we observe and measure objectively, that which exists independently of the feelings and opinions of individuals. It is also known as the quantitative approach. The purpose of quantitative research is to evaluate objective data consisting of numbers (Welman, Kruger & Mitchell 2005: 8).

On the other hand, the positivist approach is opposed by the anti-positivists who share a resistance to upholding the natural-scientific method as the norm in human behavioural research. The anti-positivist approach to the research is also known as the qualitative approach. Qualitative research deals with subjective data that are produced by the minds of respondents or interviews (Welman, Kruger & Mitchell 2005: 8).

The study adopted the qualitative research approach because this approach enables the researcher to determine the experiences of the respondents. The researcher conducted a survey.

### **1.6.2. Target Population.**

According to Wayne and Stuart (2006: 34), a population is any group that is the subject of research interest. The population is the study object and consists of individuals, groups, organisations, human product and events or conditions to which they are exposed (Welman, Kruger & Mitchell 2005: 51). Babbie (1998:109) state that the population for a study is that group (usually of people) about whom we want to draw conclusions.

This view is supported by Babbie and Mouton (2003: 100) who assert that population of the study can be defined as those group of people, items, objects, or elements who meet the designated set of criteria for the study and about whom one wants to draw a conclusion or conclusions.

The population of this study is Ba-Phalaborwa Local Municipality, Department of Health, Local mines, farmers, and members of Phalaborwa communities.

### **1.6.3. Sampling.**

The researcher used the total of 30 samples, consisting of members of the local mines, department of health, community, farmers, and local authority.

The researcher engaged the officials of Ba-Phalaborwa Local Municipality, mines, community members, farmers, and officials from the department of health. The total number of the respondents was 30.

According to Neiman (1997: 201), sampling “is a process of systematically selecting cases for inclusion in a research project”. It is the process of selecting observations (Babbie, 1998:191).

We can distinguish between probability sample and non-probability sample. With probability random sampling, any member of the population has a probability to participate in a research. In that study stratified random sampling was employed by the researcher (Welman, Kruger & Mitchell 2005: 56).

Stratified sampling refers to the organization of the population into homogeneous subsets (with heterogeneity between subsets) and selecting the appropriate number of elements from each. To the extent that the subsets are homogeneous on the stratification variables, they may be homogeneous on the other variables as well (Babbie, 1998 217).

### **1.6.4. Data collection.**

Data collection focuses on measurement theory and various ways in which we use instruments to collect information (Welman, Kruger & Mitchell 2005: 134).

The researcher used interviews to collect the data in the study. Babbie (1994: 264) note that an interview is an alternative method of collecting survey data. Rather than asking respondents to read questionnaires and enter their own answers, researchers send interviewers to ask the questions orally and record respondents' answers. Interviewing was done in a face-to-face encounter.

Basic individual interview is one of the most frequently used methods of data gathering within the qualitative approach. It differs from most other types of interviews in that it is an open interview which allows the object of study to speak for him/her/itself rather than to provide our respondent with a battery of our own predetermined hypothesis-based questions (Babbie & Mouton, 2005: 289).

#### **1.6.5. Data analysis.**

We interpret the collected data for the purpose of drawing conclusions that reflect on the interests, ideas, and theories that initiated the inquiry (Babbie, 1998: 110). According to Welman, Kruger and Mitchell (2005: 213), the researcher should consult other reports or information (secondary data) on the same topic that is being analysed. The field notes (primary data) can then be questioned and reviewed in the light of any new information.

In this study field notes were written out and compiled during the interviews. The field notes were processed and converted into write-ups which were intelligible products that could be read, edited for accuracy, commented on, and analyzed. The researcher compared the answers given by members of different groups. The researcher also compared sections of the text and identified the reasons why chunks of the text differ from each other. The researcher also made use of reports or information (secondary data) on the same topic. The field notes (i.e. primary data) were then questioned and reviewed in the light of any new information found.

#### **1.7 Ethical consideration.**

According to McMillan and Schumacher (2006: 333), qualitative research is more likely to be personally intrusive than quantitative research and, as such, the ethical guidelines that include policies regarding informed consents, deception, confidentiality, anonymity, privacy, and caring must be adopted and promoted. This view is supported by Welman, Kruger and Mitchell (2005: 181) when they states that the principles underlying 'research ethics' are universal and concern issues such as honesty and respect for the rights of individuals. Professional groups, such as market researchers, have established explicit codes of ethics to which members are

obliged to adhere. Most universities have codes of ethics enforced by their respective 'ethics committees' that approve all research projects, thus protecting the rights of humans and animals from any kind of abuse.

In this study, permission to conduct the envisaged study was sought out from the management of the mines, the Ba-Phalaborwa Local Municipality, farmers, Department of Health and from members of the community affected. The researcher will outline the intention of the research and the use of the collected data as being for academic purpose only. The researcher gave assurance to all participants that their names and all confidential details were used when writing the report.

### **1.8 Significance of the study.**

The findings of this study will enable the national and provincial spheres of government to engage fully with the local authorities in South Africa to administer and manage mines in their areas, rather than leaving that responsibility in the hands of national or provincial governments. Accountability and responsibility of the mines, in terms of social and environmental management and administration are supposed to have been delegated to the local authorities. The abuse of human resources, natural resources, environment and land would be efficiently and effectively monitored closely, as a result. The complaints by communities and local traditional leaders on compensation and royalties would be properly addressed by the government in a proactive manner instead of being reactionary.

If the recommendations of this study were to be implemented, sustainable development will be created that would deal with environmental management systems. Poverty will also be alleviated, thus correcting economic and moral disorders in the communities. The mines would invest in the education of the community and be motivated to employ local people.

Creating alternative economic spin offs for the area is of great concern to the municipality. The findings of this study will provide valuable insight into focusing towards environmental resources so as to improve the socio-economic status of the Phalaborwa community. Traditional leaders will also engage the government on

their mineral rights and royalties they have been robbed of by the apartheid government and other shareholders of the mines.

### **1.9 Scope and limitation of the study.**

The study area was Ba Phalaborwa Local Municipality. The study will include 4 local mines, namely PMC, Foskor, Sasol, and JCI, the farmers and the department of health.

The present study was limited to the Ba-Phalaborwa where this study problem is based. This is within the competency of the Local Authority. Given the limitation of this study, the results are not generalised to the other areas.

### **1.10 Outline of the study.**

#### **CHAPTER ONE: Introduction and General Orientation of the Study**

This chapter consists of, inter alia, the introduction; problem statement; aims and objectives; motivation of the study; definition of concepts; research questions; research methodology; ethical consideration; and significance of the research.

#### **CHAPTER TWO: Literature Review**

In this chapter, a theoretical framework underpins the study on critical issues of the role of local authority in addressing socio-economic challenges to the communities. For the purpose of the envisaged research, books and articles relevant to the study are reviewed allowing the researcher to know what has already been written on this topic and thus identify gaps and try to provide pertinent answers to the issue.

#### **CHAPTER THREE: Research Methodology and Design**

In this chapter, the research methodology and design that is followed in carrying out the actual research is described. Descriptions of the concepts and target groups and how data will be gathered are also covered in this chapter.

## **CHAPTER FOUR: Data Analysis**

This chapter comprises analysis of data. The researcher organizes and collects data by arranging them in a manageable form that allows for comparisons of responses.

## **CHAPTER FIVE: Conclusions and Recommendations**

In this chapter, the main conclusions of the envisaged study are drawn and recommendations given

### **1.11 Conclusion.**

There is widespread acceptance of the critical role social capital and its attendant dimension of a sense of place can play in nurturing poor rural communities and in reversing the current trend towards growing regional and social disparities. It is the responsibility of local communities themselves, who holds the key to social and economic development of their areas. Local government should foster the development of social capital given its present function by the constitution of the Republic of South Africa.

Black communities in many parts of South Africa are victims of unemployment and poverty. Many are also illiterate. The local municipality has to face these realities in addressing social development and economic growth.

In the next chapter, literature review will be conducted in order to expand upon the context and context of the study, define the problem and provide an empirical basis forth study.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.1 Introduction.**

The literature review given in this chapter provides the opinions of different authors on the subject. The main aim was to give evidence of research on the issue under study. In the last fifteen years of democratic dispensation; municipalities were exposed to new ever-changing controls and regulations regarding the management and administrations of local municipalities. The question which ought to be asked is whether these institutions were capacitated or given the necessary assistance from the transitional structure to the structures that are in place now in terms of fulfilling their responsibilities without compromising the needs and demands of service delivery towards the communities. The social and economic developments are the basic requirements for all communities, both black and white. These are the basic sources of life that cannot be compromised for any other thing.

The creation of the three spheres of government, the national sphere, provincial sphere and local sphere by the Constitution of the Republic of South Africa, 1996 was indeed a significant milestone. Bringing along with it the remarkable challenges faced by the new administration in all the spheres of government. As government of the day, had to inherit a system that was there with all parastatals, private sector which have been operating for years under the old order. Such inherited systems involve the South African chamber of mines, ESKOM, Telkom etcetera. The challenge that was first at hand for the new democratic government was to root out all apartheid policies and laws, which were oppressive in all the spheres of government, all government institutions, and the private sector. Those who were used to the old order had to be dealt with through the law, and otherwise by the government whether in the civil society or in the employ of government.

The new administration in the entire three spheres of government which by chance happened to have the capacity of management within their institutions found their work more rewarding and satisfying than their counter parts who are struggling to do

likewise. The reference is being made to those national ministers, provincial members of the executives, and local government members of the executive committees. It also includes the departments they are leading, who managed to make the expected transition from the post - apartheid system to a democratic system. In the same process, they were also able to keep abreast of the ongoing development related to governance and administration matters.

The management and administration of different mines that existed for decades, operated in different governments, with all cultures adopted and inherited by these companies such as De Beers, Anglo American amongst others, has been a serious challenge. Their mining system was also influenced by foreign policies which have been in operation for years; hence some of those policies were purely business orientated than investment to local people.

All mines that operated in the past and at present, the ones operating presently are mainly interested in production, rather than in their impact on workers, the community and the environment. For example, the asbestos mines in South Africa and elsewhere in the world, known to cause cancer. Now that the legislative frameworks such as African Mining Charter, the Minerals Act of 1991, Mineral and Petroleum Resource Act of 2002, Diamond Act of 1999, the Mine Health and Safety Act of 1996, White Paper on Minerals and Mining Policy for South Africa of 1998, National Environmental Management Act of 1998, National Water Act of 1998 etcetera. are in place and some people are aware of the Constitution, which safeguards the rights of the people.

Intergovernmental relations must be seen to be in operation and strengthened to facilitate the proper management and administration of mines as they are the economic pillars of the South African economy. Hence their negative impact to the society, natural resources and the environment, if neglected are disastrous and irreparable.

## **2.2 Definition of concepts.**

Gildenhuys and Knipe (2000: 247) state that the structure of local government is a framework within which local public policy is made and implemented. In organising a local government, emphasis should be placed on contrasting, but not mutually exclusive, matters such as individual liberty and corporate authority, local political initiative, citizen participation, popular responsiveness and effective and professional management. In other words, it must include all the classical values of democracy. These municipalities are categorised as Category A, Category B and Category C "municipalities."

- ❖ Category A – A municipality that has exclusive municipal executive and legislative authority in its area. They unify the functions of district and local municipalities for the six largest conurbations. They are referred to as metropolitan municipalities. They are also defined as single independent local authority. There are only six metropolitan municipalities in the Republic of South Africa.
- ❖ Category B – A municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls. They share responsibilities with the district municipality in which it falls. That is, they are local municipalities which are subdivisions of the district municipalities.
- ❖ Category C – A municipality that has municipal executive legislative authority in an area that includes more than one municipality. They are the second level of government subdivision called district municipalities, below Provincial Government.

According to local government Municipal Structures Act 117 of 1998, an area declared category "A" municipality must have:

- ❖ A conurbation featuring – areas of high population density; an intense movement of people, goods, and services; extensive development; multiple business districts and industrial areas;
- ❖ A centre of economic activity with a complex and diverse economy;
- ❖ A single area for which integrated development planning is desirable

- ❖ A strong interdependent social and economic linkage between its constituent units.

According to Chapter 10 of the Constitution of the Republic of South Africa, 1996, Section 195 (1), states basic values and principles governing public administration that apply to administration in every sphere of government; organ of state and public enterprises. Public administration must be governed by democratic values and principles enshrined in the Constitution, including the following principles:

- ❖ A high standard of professional ethics must be promoted and maintained.
- ❖ Efficient, economic and effective use of resources must be promoted.
- ❖ Public administration must be development-oriented.
- ❖ Services must be provided impartially, fairly, equitably and without bias.
- ❖ People's needs must be responded to, and the public must be encouraged to participate in policy-making.
- ❖ Public administration must be accountable.
- ❖ Transparency must be fostered by providing the public with timely, accessible and accurate information.
- ❖ Good human-resource management and career-development practices, to maximise human potential, must be cultivated.

Public administration must be broadly representative of the South African people, with employment and personal management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation

### **2.3 Strategies and principles underpinning the municipality administration and management of the environment.**

According to the Bill of Rights, appearing in the Constitution of the Republic of South Africa, 1996, section 24 states that everyone has the right:

- ❖ To an environment that is not harmful to their health or well-being.
- ❖ To have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that prevent

pollution and ecological degradation; promote conservation; secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The concept of environmental management, environmental justice and sustainable development are related but different. Integrated environmental management includes a number of tools to enable industry to manage its environmental impact and report on it to authorities and communities. These include environmental impact assessments, environmental plans and environmental management systems. At present, these instruments include social impact assessments and costs benefit analyses, with requirements (not always fully developed) for public participation in the form of interested and affected parties. The basis for this system in South Africa is the constitutional right to a clean and healthy environment, to participate, to access information, etc, and various provisions in other legislation such as the National Environmental Management Act (NEMA).

The Bill of Rights can also be used to support activism for environmental justice. Such activism like equality, human dignity, the right to life, freedom and security, health care, food, water and social security, environmental protection, environment that is not harmful to their health or well-being, access to information freedom of expression, etc. highlights the injustice in the distribution of environmental impacts on poor people and people of colour, usually because of their lack of political and economic power. It is an increasingly powerful concept for organising.

A related concept is that of an ecological debt. This concept argues that throughout colonial (and post-colonial) times, colonial governments and companies have built up debt through their environmental and social exploitation. Sustainable development presents a compromise platform, with space for many interpretations, between proponents of development and socio-ecological justice, and is mainly associated with governmental initiatives such as Agenda 21 (Agenda for the 21<sup>st</sup> century, agreed between governments in 1992 in Rio de Janeiro, Brazil. It contains 40 chapters to guide environmental management of the planet as a whole (African Labour Research Network, 2005: 12).

Sustainable development is development that meets the needs of present generations without compromising the needs of future generations. It is associated with the precautionary principles, meaning that harm does not have to be proven before it is to be avoided (African Labour Research Network, 2005: 12).

According to Barrow (2006: 140), good environmental management is seen to be that which deals effectively and sensitively with people in the community. This is not ways to control stakeholders. Environmental managers need to gather local knowledge, understand feelings, in order to learn, alter practices and inspire people. Local knowledge is often crucial for resolving environmental disputes.

Fox, Schwella and Wissink, (1997: 225) argues that environmental analysis on strategic management involves the examining of factors in the external environment for purposes of identifying the impact of these factors on strategic issues. This examination should be future oriented and the analysis should focus on the opportunities and threats. For the purpose of the environmental analysis, it is important to conceptualise the environment correctly.

The presumption is being made here, that it is not the administration and management approach of a municipality alone to establish or create a functional or dysfunctional institution they manage, but to create a strong working team which is able to realize the goals and objectives of the institution as a collective unit. It then becomes more imperative for the municipalities to be more vigilant and creative in relation to other spheres of government in developing the strategies and principles of effective administrations and management of the environment.

Schwella, Berger, Fox and Muller (1996: 279) believe it is imperative that the municipalities should adopt an integrated approach to arrest problems of natural resources deterioration and to sustain growth and development. Schwella, Berger, Fox and Muller suggest four approaches:

- ❖ The ecological approach allocates and manages resources according to an understanding of the functional components of the physical and biological

environment and the relationship between its components. The policy objective is to ensure the sustained yield of resources over long periods.

- ❖ The economic approach is based on the premise that resources are scarce. Resource users have to choose and optimise their use of resources. The market value of resources will determine the resources selected for use to achieve the policy objective of economic efficiency. A criticism of this approach is the inability of the marketplace to estimate the market value of natural resources, especially unquantifiable or intangible resources.
- ❖ The technological approach emphasises not only the power of technological progress to continue improving humankind's economic lot. It also seeks to reduce fears of resources depletion and address the urgent need to cut economic growth and consumption. Resource-allocation policy decisions are based on the criterion of technological feasibility.
- ❖ The ethnological approach stipulates that cultural differences partly influence people's perceptions and use of their natural resources, and suggests that public consent be incorporated into resource allocation and management. This approach offers cultural consistency as a criterion for allocating natural resources. The development of resources along local community guidelines and priorities should involve citizens in the decision-making process.

For a satisfactory allocation of resources, the different approaches cannot be deployed independently. The goals of each approach should be considered and balanced against each other to achieve a degree of ecological possibility, economic gainfulness, technical feasibility and cultural consistency. It is peculiar to explore natural resource management issues concerning the public management functions of policy making, planning, organising, leading, control and evaluation. The political office bearers and the public office bearers of the local municipality are entrusted with responsibilities of administration and management. It must be borne in mind that when applying these approaches, management must ensure that the work gets done.

## **2.4 Government understanding of administration and management of mines in South Africa and elsewhere.**

According to Smit, Cronje, Brevis, and Verba (2007: 71-72), the ecological or physical environment contains limited natural resources from which an organisation obtains its raw materials and it is also the receptacle for its waste. Waste or effluent, creates various forms of pollution. Since 1960s, there has been a growing awareness of the need to conserve the limited resources of our natural environment. People have protested against all forms of pollution and against the destruction of the environment by such projects as opencast mining and the building of roads and dams, and it has been speculated that the theories of Malthus and others on the overpopulation of the earth could become a reality.

Smit, Cronje, Brevis, and Verba (2007: 72) further state that Interfaces that present opportunities as well as threats to organisations are discernible. These include a shortage of resources, the cost of energy, the cost of pollution, and damage to the country's natural resources. The government administration and management of mines must take timely steps to limit as far as possible any detrimental effects the organisation may have on the environment, not only to prevent unfavourable attitudes towards the organisation, but most importantly, in order to conserve, maintain, and manage the country's dwindling natural resources.

The generally accepted role of the state in society is to protect, regulate, develop, maintain and sustain its citizens, or to see to it that this happens. It is an all-encompassing task, which is difficult to execute because inevitably insufficient resources will be available to achieve all of these objectives simultaneously. The state therefore has to prioritise its objectives, and put together policy programmes that will have the best chance of achieving a combination of these goals not only in short term but also in the medium and long term (Cloete, Wissink & de Conning, 2007: 91).

Cloete, Wissink and de Conning (2007: 91) further argues that all democratic governments in the world differ on the combinations or permutations of protective, regulatory, developmental and growth interventions that they make in their societies. These differences in approach can usually be explained in ideological terms: from

liberal individualism through nationalistic patriotism to collectivistic socialists' approaches to governing. Some governing recipes have proved more successful in achieving a government's goals over time than others. Successful achievement of a government's policy goals and durability of policy outcomes over time have been labelled "sustainability".

According to African Labour Research Network (2005: 9), the South African government do provide regulations for mining, such as the requirement for Environment Management Plans (EMPs). The existence of democratic governments and the legal space opened up by new legislation, for example in South Africa the constitution and the NEMA, do give hope for improvement.

The role of governments in regulating the mining industry in Africa, however, is constrained. Governments in countries like South Africa and Ghana remain critically dependent on the mining industry for tax and export income. This leads to preferential treatment of the mines and cautious application of environmental regulations, tending towards voluntary self regulation by the companies (African Labour Research Network, 2005: 9).

African Labour Research Network (2005: 9) further states that governments are also aware of the importance of mining jobs. The South African National Union of Mineworkers is a major player in the South African labour movement and has numerical strength within COSATU – as well as the potential for unrest following from mineworkers losing jobs (African Labour Research Network, 2005: 9).

Gold mining companies are politically influential and can form alliances with elites, even while differing sharply on issues such as tax. The South African Chamber of mines, for example, has been a major player in South African politics ever since the late 19<sup>th</sup> century. Africa Undermined provides chilling accounts of mining companies' involvement in politics. Today there are attacks on mining companies in Tanzania – mostly by small scale miners who recent the uneven competition. Controversies about regulatory environments and the environmental impacts form no small part of these debates. Gold mining is generally a large scale undertaking, with head offices and beneficiaries in other countries. A full 90 percent of the wealth generated from gold mining leaves African countries, argues mining critic Tetteh Hormeky. Mining

has also externalised many of its costs in the shape of pollution or impacts on community environments and livelihoods. Some of these costs, like health costs for serious respiratory problems in Riverlea, Johannesburg, are picked up by the state. In South Africa, the historical roots of this injustice lie in apartheid designs which purposely relocated communities to the cheapest land available – in Johannesburg next to mine dumps (African Labour Research Network, 2005: 9).

According to the White Paper on Minerals and Mining Policy for South Africa of 1998, the system of mineral rights has developed over many years to its present state under dual system in which some minerals are owned by the State and some by private holders. It is also stated in the Mineral Act Section 24 that mineral rights and other rights in the land may be expropriated in the public interest against compensation payable by the person requesting expropriation. This also includes regulating and administering mining procedures and environmental management; health and safety; labour; housing and living conditions; and the fate of the previously disadvantaged groups.

Mineral affairs are allocated to the National and Provincial spheres of government. The Acts such as the Minerals Act, 1991, Minerals and Petroleum Resources Mineral Development Act, 2002, section 24 of the Constitution of the Republic of South Africa, 1996 etcetera. provides for the Department of Minerals and Energy to regulate prospecting, the exploitation of minerals, utilisation of land and environmental impact studies. It clearly defines the entire regulatory environment of the minerals industry from rights and ownership to minerals sale and marketing and identifies all other industries and entities that have an influence on the minerals business in general, and tries to secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development, whilst health and safety issues are regulated in terms of the Mine Health and Safety Act.

According to schedule 4 or 5 of the Constitution, mineral affairs interact with the functions referred to on agriculture; environment; health service; nature conservation; soil conservation; industrial promotion; public works; regional planning and development; urban and rural development; and local government (Mineral and Mining Policy for South Africa, 1998). In 2004, the Minerals Act of 1991 was

repealed and replaced by the Mineral and Petroleum Resources Development Act of 2002 (MPRDA no: 28 of 2002). The Act enshrines a process of minerals and policy reformulation that took about 10 years to complete and involved extensive consultation with a broad spectrum of role-players in South Africa's mineral industry.

The state's involvement in the mineral industry is of a complementary and supportive nature, and it seeks to provide and maintain: a legal and fiscal environment that will allow rational exploration, mining, beneficiation and marketing of the country's minerals; an efficient physical infrastructure including road, rail, and airlinks, as well as harbour facilities, communications and health services, and power and water suppliers. The Act regulates the prospecting for and optimal exploitation, processing and utilisation of minerals, provides for safety and health in the mining industry and controls the rehabilitation of land disturbed by exploration and mining (<http://www.dme.gov.za/minerals> 2009/01/07).

Despite these acts that were promulgated to strengthen the administration and management of government towards the mines, citizens remain victims. The mines still operate autonomous of the local sphere of government. The imbalances in the provision and access of resources by communities remain skewed and uneven. If government and the local authority hope to make a meaningful impact on redressing these imbalances, there will have to be a paradigm shift in respect of the distribution of resources, the development of key sectors of the economy, winning the fight against poverty, and ensuring environmental sustainability for a healthy environment.

In Australia, the Aboriginals have mineral rights according to the Aboriginal Land Rights Act. Hence all minerals are vested in the Crown. In South Australia, royalty rights are variable, and full royalty rights from any mining undertaking on trust lands are payable to Aboriginal interests – shared between the local government and State. Under these Acts, negotiated compensation payments that are explicitly differentiated from the statutory royalties can be paid to Anangu Pitjantjatjara or Maralinga Tjarutja, to compensate for land disturbance and disturbance to the Pitjantjatjara people (Altman, 1991:9)

The Australian government initiated the move of empowering the local communities from the natural resources. A law was promulgated that intensified the rights of the

Aborigines to benefit from their land. However, it is stated that most land transferred to the Aboriginal interests is of marginal commercial value. The empirical evidence from the mining and tourism sectors suggests that direct employment spin-offs to Aboriginal interests from both are currently limited. Even where opportunities exist for Aboriginal labour, supply of labour is frequently not forthcoming for a variety of reasons, including cultural factors, lack of formal qualifications, and more desirable alternatives outside the formal labour market. While subsistence provides a viable economic option for some groups, this option is predicated on continued access to government cash transfers. Subsistence provides a means to reduce dependency and increase overall income levels; it will not result in economic independence (Altman, 1991: 14).

Coal mining can result in a number of adverse effects on the environment. Surface mining of coal completely eliminates existing vegetation, destroys the genetic soil profile, displaces or destroys wildlife and habitat, degrades air quality, alters current land uses, and to some extent permanently changes the general topography of the area mined. This often results in sacred landscape with no scenic value, though rehabilitation can mitigate some of these concerns. Mine tailing dumps produce acid mine drainage which can seep into waterways and aquifers, with consequences on ecological and human health. If underground mine tunnels collapse, this can cause subsidence of land surface. During actual mining operations, the potent greenhouse gas may be released into the air. And by the movement, storage, and redistribution of soil, the community of microorganisms and nutrient cycling processes can be disrupted (<http://www.natiomaster.com/encyclopedia/wawa>, Ontario.... 2009/01/07).

Mutheiwana (2009: 50) posits that mining of various mineral resources is taking place in these rural impoverished lands. What is surprising is that while these mining houses are removing these mineral resources, local communities are removed and pushed from their tribal lands further afield with minimal compensation if any. Forced removals, which took place during the apartheid era, still take place in the new democracy, in a softer way.

According to Mutheiwana (2009: 42) in what he refers to as 'wealth restoration', argues that mineral resources like diamond and platinum will be produced and processed inside the country and create employment for south Africans, as opposed

to where monopolies carry national resources for processing outside the country. It is only through social revolution, changes to the socio-economic structure, and a leap forward from one mode of production to the other, that the economic direction of the Freedom Charter can be realised.

Though the document calls for a mixed economy, the restoration of the national wealth to the people, and control of monopolies brings in major elements of social democracy and leaning to socialism, with limited free market economy without monopolies in private hands. This is the strength of the Freedom Charter. The question is, after more than 15 years of the new South African democracy, have we transferred the mineral resources back to the ownership of the people? To what extent have we transferred the banks and monopoly industry to the ownership of the people? These and other questions need to be objectively answered by the current political and economic leaders of the ruling party inside the country to give direction as to whether we are implementing the Freedom Charter or not (Mutheiwana, 2009: 42).

## **2.5 Legal natures of a local government and mining.**

The legal nature of local government and mining has been a problem in the other countries of the world and South Africa. For example:

Siocon, Zamboanga del Norte – The municipal government of Siocon led by Mayor Caesar Soriano will file a temporary restraining order against Toronto Ventures Incorporation (TVI), A Canadian-owned Mining Corporation operating in Mount Canatuan, for its alleged violation of the “social acceptability clause” from the community before it could proceed to a full-blast open-pit mining operation. Soriano said that TVI has been doing exploration works in Mount Canatuan without the legal consent of the local government unit. The Mayor Soriano clarified that there was no municipal resolution approving the grant of Mineral Production Sharing Agreement for the TVI which will serve as its basis for exploration and for mining (<file:///E:/Mines> and Communities Siocon Local Government...2009/07/25).

Engr. Soriano of TVI insists that TVI was able to secure resolutions supporting its operation, particularly from the Barangay council of Tabayo of Canatuan in Siocon

and from the Barangay council of Kilalaban in Baliguian town, a neighbouring municipality. But the mayor said they were able to obtain an affidavit from barangay officials in Tabayo that the resolution supporting the mining operation in Canatuan was forged in the absence of the other members of the Barangay council. Thus, the mayor said the TVI only secured resolutions from a neighbouring town not directly affected by the mining operation. The mayor also states, “ this is the saddest part because we are not even informed of what they are doing up there when we are the immediate community that will be directly affected by the environmental damage that will happen as a result of the mining ([file://E:\Mines](#) and Communities Siocon Local Government...2009/07/25).

According to Neefjes (2000:99), people power and people's participation in social political processes and development activities have been from top to bottom or extremely initiated. However, power is currently seen as a personal attribute that can be increased through increased awareness, improved confidence, better negotiation skills and stronger social networks. The argument here can be simply illustrated that mining industries have financial powers to engage in corrupt activities to acquire mining operations. it could also silence leaders with capabilities and bribe traditional leaders. The local government should play its part in protecting its citizens from exploitation and it should lead in any developmental endeavour within its jurisdictions.

In Nigeria, the Ogoni people of the Rivers Province and Shell International case can shed more light on the notion of environmental justice as it can be interpreted as equality and equity within the environmental sphere. Ken Saro-Wiwa, a playwright, poet and essayist, a human rights activist, and to some, an eco-warrior and environmental hero who is bearing the unfortunate title of Nigeria's greatest martyr, was executed on 10<sup>th</sup> November 1995 in Port Harcourt, Nigeria, together with eight people all members of MOSOP, the Movement for the Survival of the Ogoni People after they were found guilty of murder and instigating civil unrest in, what reports have branded as a mock trial based on bogus charges (Hattingh, 1997: 4).

Hattingh, (1997: 4) further state that MOSOP was founded in 1990 by twelve elders of the Ogoni to put pressure in the first place on Shell to accept responsibility for damage to the environment as a result of oil spills on their land, and in the second

place on the Nigerian government to share Nigeria's oil wealth with the Ogoni people (Hattingh, 1997: 5). MOSOPO was to a large extent involved in a long standing environmental dispute with Shell Petroleum Development Company of Nigeria extracting oil from the Niger Delta. These executions seemed to be the mindless culmination of one of the most serious clashes in the history of environmental struggle on the continent of Africa ever recorded.

The ethnic group of some 500000 people divided into 82 communities within an area of about 1000 square kilometres formed a movement for their survival, engaging shell Petroleum Development Company of Nigeria on the one hand, whom they feel is responsible for environmental devastation and exploitation in the Ogoni region, and their federal government on the other hand, demanding from them a greater share of the oil revenue. What was the role of "Shell" in all of this confusion, and why was this company apparently paralyzed and unable to prevent any of the build-up to and the explosion of a very volatile situation? Why are so many people in the Niger delta suffering and losing out, while apparently nothing is being done to transform the situation by those who apparently have power to do so? And just as important, how, through which structures and mechanisms did it come about that so many people in the Niger delta are losing out and only so few "winning" (Hattingh, 1997: 5).

During April 1995, when the Ogoni trial was underway, Dr. Owens Wiwa requested the British High Commissioner to Nigeria, Lord Mansfield, to arrange a meeting between him and Mr Brian Anderson, Chairman and Managing Director of Shell Nigeria. He asked Mr Anderson if he would use his influence to stop the trial of his brother, Ken and his other colleagues. Mr Anderson said that it would be difficult but not impossible. In return for Shell's help, however, he required a press release from MOSOP saying that there was no environmental devastation as a result of Shell's activities in Ogoniland. Dr. Wiwa rejected the request for such a press release, and the same was done later by Ken and the other accused when they learned of it (Hatingh, 1997: 9).

Further reports suggest that the Nigerian leader acted against the MOSOP and the Ogoni people on behalf of Shell. With financial assistance, logistical support, and guns provided by Shell, the military dictatorship conducted a campaign of terror in which 18000 Ogoni people were murdered, some of them tortured to death. All of

this happened after the protests against Shell's environmental impact started in 1990 (Hattingh, 1997: 10).

If the environmental issues are not handled properly they can result in political instability and social unrest. The social and economic status of our communities is gradually becoming worse day by day. Poverty and unemployment is devastating. Majority of family house hold are depending on the social grants. The local authority should engage the local mines to play an important role in poverty alleviation and employment opportunities than resorting to cheap labour. Should government officials support the injustices done by the mines, problems will arise in the near future.

According to Rautenbach (1996: 270), the legislative and executive authority of a municipality in South Africa is vested in the municipal council. This authority must be exercised to realise the objects of the local government and is constitutionally protected. A municipal council may make by-laws on the local government matter which are listed in schedule 4 and 5 of the Constitution. This includes subjects like: air and water pollution, health services, storm water management systems, environmental management etcetera. A municipal council may also make by-laws on any matter assigned to it by national or provincial legislation. A municipal council has executive authority over all these matters and may implement by laws on these matters for effective management and administration of the city or town.

Merebank, an Indian residential township of about 50000 people, may more aptly be described as an island surrounded by a sea of polluting industries. It is located 16 kilometres south of Durban, KwaZulu-Natal. The residential area finds itself on the doorstep of industries in every direction. There are two giant oil refineries on either side, a massive paper mill, chromium processing plant, an airport, and a multitude of chemical processing industries. Environmental problems include noise from the industry and aircraft; an atmosphere loaded with combustible emissions and sulphur dioxide; contamination of local land, river, and ocean; heavy-duty industrial traffic flow; and general neglected of the area (mhtml:file//F\Environment and Reconstruction.....2009/07/28)..

The atmospheric pollution crisis is aggravated during the winter months when the polluted valley is subjected to temperature inversions, thereby forcing the pollution closer to the ground. For almost three decades, very little attention was paid to the residents' well being. Industrialists conducted their operations with impunity. They have presented themselves as untouchable elites charged with technical superiority and unchallengeable power, and argued that the burden of proof lay with the residents (mhtml:file//F\Environment and Reconstruction.....2009/07/28).

The community's efforts to obtain information and to advocate change have been met with resistance from both the companies and the Merebank Local Authorities. Community activists reported that when they approached local authorities to find out exactly what is being emitted into the air, they were told that such information was confidential. As a result, members of the community and workers in the factories have no clear idea of the dangers that they face as a result of the local industries. For decades the local residents have complained, but to no avail. A recent survey revealed a high incidence of chest-related ailments that can be related to the high levels of sulphur dioxide and other chemical contaminants in the atmosphere. A study among children in the Merebank area showed that they were 10 times more likely to develop respiratory problems than children outside the area. Recently, there has been a spate of industrial disasters in the neighbourhood, including a bromine gas leak, oil tank explosions, worker injuries, and industrial traffic accidents. At one stage, a large section of the community had to be evacuated following a bromine gas leak (mhtml:file//F\Environment and Reconstruction.....2009/07/28).

In November 2002, the Minister for Local Government wrote to the Minister for Mineral Resource Development regarding licensing of small extractive mining operations, suggesting that the Local Government Association (LGA) be invited to enter into discussions with Primary Industries and Resources SA (PIRSA). The Minister's Government Forum was held wherein the licensing and regulation of extractive mining operations was tabled. PIRSA proposed that the licensing and regulation of small extractive mining operations to a depth of less than 2 meters on freehold or Crown leasehold perpetual lands could possibly be undertaken by Local Government (m:\OLG\Minister's LG Forum\Referrals\Lic Small Extractive Mining\final ..... 2009/07/27).

These operations are generally located in the areas covering from the Adelaide Hills to the coast, Eyre Peninsula and the South East region and carried out by single operations whose businesses service the local area. If licensed and regulated by Councils, PIRSA considered that a more strategic approach could be taken at the local level for the control and supply of resources and the impact of licensed mining activities be monitored more closely. Larger mining operations usually service a much wider area with many having strategic significance to the state. It was proposed that the responsibility for licensing and regulating these operations and those occurring on the Crown land and Crown leasehold pastoral lands (predominately outside Local Government areas) would remain with the State (m:\OLG\Minister's LG Forum\Referrals\Lic Small Extractive Mining\final ..... 2009/07/27).

Although mining is the competence of both the national government and the provincial government, its activities affect at the local sphere. According to the reconstruction and development programme of the African National Congress, apartheid legislation distorted access to natural resources, denying the majority of the South Africans the use of land, water minerals, etc. Those policies contributed to the degradation of environmental resources, placed workers and societies' lives at severe risk because dangerous practices and substances were inadequately monitored (mining in South Africa remains an extremely dangerous activity). Poverty and environmental degradation have been closely linked (RDP, 1994: 38).

Mines are often the key economic engines of the communities in which they are located. Evidence to date shows, however, that in many countries the positive impact of foreign direct investment on local communities is often extremely limited due to the lack of automatic spill over effects. However, with appropriate local economic development (LED) instruments, mining projects could bring more than their own direct employment to a community. By voluntarily participating in or even driving a LED programme in a community, mining companies and other local stakeholders (local government, education institutions, other businesses) can work together to ensure that the local population, including the poorest segments, can benefit from the presence of new investments and share in the growth potential of the local economy. Importantly, LED strategies and programmes are increasingly seen as an

entry point for national level reform especially in countries with weak national government and limited private sector development (FSU, Africa) (<file:///E:/Oil, Gas,Mining & Chemicals – Mining and Local Economic Development.htm....> 2009/07/28).

For the Mining Industry more specifically, a successful LED programme would improve community and employee relations, develop supplier linkages, reduce dependence on the mine for local economic wellbeing over time as well as bring substantial benefits in terms of reputation and good corporate citizenship. There has been considerable relevant experience in the EU, particularly in declining coal and steel areas, as well as experience in northern Mexico, Morocco and elsewhere that provides lessons that can be adapted in the context of mining investments. (<file:///E:/Oil, Gas,Mining & Chemicals – Mining and Local Economic Development.htm....> 2009/07/28).

LED is about local communities (including public, private, not-for-profit sectors) working together through a proactive process to achieve sustainable economic growth that ensures increases in employment, prosperity and quality of life for their communities. In the case of mining, communities are often dominated by a particular mine, being the only major source of revenue/employment in the area. An important component of a LED programme is the development of micro, small and medium sized enterprises (SMEs). This can be encouraged as suppliers to, or downstream producers from, the mine or as entrepreneurs/businesses independent from mining that strengthen the overall competitiveness and economic development of a region. However, it is important to note that LED strategies and programmes go beyond the realm of SME development. LED includes the analysis of the local economy, development of strategies, policies, programs and projects in a range of key areas (<file:///E:/Oil, Gas,Mining & Chemicals – Mining and Local Economic Development.htm> 2009/07/28).

While local government support is key, research also shows that there are significant benefits to be achieved from national and supra-national government involvement and that there are a number of LED activities that should be delivered within at least a national framework. LED programmes for mining communities would require similar - if not more - leadership, partnerships and support from all levels of

government. Poverty reduction is being seen as an increasingly important driver of LED, not only an objective but as a strategy in itself. In order to target the poorer segments within mining communities, LED assistance can establish eligibility criteria as was done in the EU Community Initiative for applications for LED assistance – such as unemployment levels, levels of poverty, social and environmental problems, population size etc. In addition, there is a growing understanding that specific measures are needed to assist the unemployed, underemployed and otherwise disadvantaged to have access to jobs and/or improved qualities of life (<file:///E:/Oil, Gas,Mining & Chemicals – Mining and Local Economic Development.htm> 2009/07/28).

The Department of Environmental Affairs and Tourism, in February 2009, addressing challenges with waste service provision in South Africa, revealed that the waste sector challenges manifest within municipalities as ineffective utilization of municipal resources; non-compliance with environmental legislation; no or poor levels of service delivery; and potential environmental and human health impacts. These broad challenges were found to contain further primary, secondary, etc. root causes, both internal and external to municipalities. Reducing operational waste budgets by senior managers without consulting those whose functions are impacted by the changes are a norm (<mhtml: file//F\Waste Management Environment & Tourism.....2009/07/28>).

## **2.6 Social and economic challenges.**

According to Barrow (2006:15), socio-economic factors can degrade social capital, causing environmental human welfare problems.

South Africa's economic problems resulting from the Third World characteristics were aggravated by coordinated campaign of international sanctions, boycott and disinvestment against the country during the apartheid era which ended in 1994. Although this campaign was intended to increase political pressure on the government to accelerate its political reform, it frequently also had opposite effect – obstructing the government's capacity to elevate the quality of life of lower class communities because of lack of sufficient economic growth and available capital to achieve these objectives (Cloete,2007: 91).

The social relations come into play when governmental bodies are involved in welfare matter affecting the community in general, notably in respect of problems. These problems involve governmental bodies in issues such as unemployment, juvenile delinquency, housing shortage, slum clearance, alcohol and drug abuse, and other social phenomena (Hattingh, 1998: 30). Economic relations come into play in ensuring the economic stability of the community and the country as a whole. Financial and fiscal measures must therefore be instituted to serve as a framework within which the community and organised trade and industry should operate. Through these measures the government also attempts to establish relations with private sectors which are in the interest of the country's economy (Hattingh, 1998: 33).

According to Cloete, Wissink and de Conning (2007: 91), lesser developed countries are found mostly in lower per capita income categories. Their economies are frequently based on subsistence agricultural activities, while mineral extraction and production is often the main industrial activity. Productivity is low and technology very primitive (Barke & O'Hare, 1991:98). Differences between the rich and the poor are vast, and existing resources are very unequally distributed between the rich and the poor. Abject poverty is widespread and endemic, with large dependency burdens on families, and unemployment which is rife (Todaro, 1997). International debt is normally very high, which reduces the decision-making autonomy of the government, and subjects it to prescriptions from international aid agencies (Todaro, 1997). Land tenure patterns are frequently collective or feudal in nature. This obstructs economic growth and development (Barke & O'Hare, 1991: 95) in (Cloete, 2007).

Towns depending on mining as a mono-industry are hardest hit in that mine closure erases the towns' economic bases (Laurence, 2002: 28). Strongman (2000: 13) captures the impact of mine closure in the following: "Mine closure is often traumatic for local communities—especially in remote areas if local government is weak, labour productivity and non-mining income are low and labour mobility minimal". The effects of mine closure are further exacerbated by the fact that mining communities have several social characteristics that are unique to mono-industries (Neil & Tykkylainen, 1992: 21) in (file//E: \Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

Although these characteristics are not generalisable, it is nevertheless necessary to consider certain degrees of prevalence of these characteristics within mining communities. Firstly, mining communities may not be strongly cohesive. There may be strong social cleavages between mineworkers and non-mineworkers within the community. There may also be strong divisions between the mineworkers' union and the company (Neil & Tykkylainen, 1992: 21) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

Secondly, owing to the high level of dependency on the mine, there may be a lack of both entrepreneurial tradition and experience in a mining town. Thirdly, due to the support provided by a mine and the relative prosperity of mining towns, local government bodies might be less pro-active in community development than where mines are not present. Fourthly, those community members who are most able to mobilise community action and to support local development, are also those who are most likely to leave the town once a mine closes (Neil & Tykkylainen, 1992: 21) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

Lack of employment is "one of the most serious and long-lasting consequences of mine closure, even five or more years after the downsizing of the local mining workforce" (Haney & Shkaratan, 2003: ii). Additionally, a large proportion of the mineworkers' skills are specific to mining operations, which renders re-employment in other sectors difficult (Harichunder, 2000: 6). Employment problems prevalent under mine closure are characterised by two facts: The *quantity* and the *quality* of the jobs that are actually available decrease dramatically. The quality of jobs decreases because long-term, stable jobs providing adequate wages are scarce (Haney & Shkaratan, 2003: ii). The examples of Russia, the Ukraine and Romania demonstrate that chronic under- and unemployment lead to the general decline of living standards, as well as reversion to the informal, less secure economic sector, which is characterised by lower wages and less social and legal security Haney & Shkaratan, 2003: 17) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

This situation places vulnerable groups in jeopardy, in that they are least able to protect themselves (Haney & Shkaratan, 2003: 17) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

Job loss not only affects mine employees but also mine-supporting industries. An example is in KwaZulu-Natal (South Africa) where the closure of coal mines has had a devastating impact on the secondary industries that produced iron and steel in Newcastle, and on the glass and cables industries in Dundee (Nel *et al.*, 2003: 375). Nel and Binns (2001) found the same situation in the Free State goldfields. Indirect impacts on local business should also be considered. The example of Virginia (in the Free State Province of South Africa) demonstrates that businesses, in general, suffer from mine downscaling to the extent that they are rendered unsustainable (Seidman, 1993). Industries providing services to mineworkers and their dependants (such as taxi transport) will collapse completely (Thompson, 2003: 14) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

Taxis, hawkers, spaza shops and small- and microenterprises are negatively affected by mine closure, the reason being that the loss of a fixed income and out-migration entails the consumer base being eradicated and the purchasing power of the community being decreased (Seidman, 1993: 17). The informal sector also suffers: with the closure of a mine, the more senior and skilled mine staff leave, which implies the loss of jobs for domestic workers. Furthermore, a high level of unemployment in the region at the time of closure results in diminished opportunities for retrenched workers to find alternative employment because they lack skills (Laurence, 2002: 28; Seidman, 1993: 26). Evidence moreover suggests that estate values could also fall in towns that are totally reliant on mines and where large-scale out-migration takes place (Laurence, 2002: 27) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

Retraining and redirecting mineworkers for a more diverse economy has also been one of the key initiatives in the Free State Goldfields (South Africa). Research in this regard demonstrated that some mineworkers were able to utilise their retrenchment

packages for business development such as opening “spaza” shops (informal neighbourhood stores) in the informal settlements and starting taxi businesses. Others, however, struggled to utilise their retrenchment packages to generate an income because they either lacked entrepreneurial skills, or their retrenchment packages were too small. The research showed that mineworkers received no advice on what to do with their retrenchment funds and most of them spent these funds on “fixing houses, ...paying debts, or on family maintenance” (Seidman, 1993: 25; 28) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

Some studies commissioned by the International Finance Corporation clearly suggest that mining-dependent towns that do not develop non-mining dependent industries during the lifespan of the mining operations do not survive (PEAC, 2004). Considering the above impacts the challenge is to mitigate the possible socio-economic impacts of mine closure. Mitigating the impact should, according to the World Bank (2002:14), start with government and the mining company assisting people to understand their dependence on the mining sector. In addition to a realisation of this dependence, international experience also suggests that the earlier a process is initiated to develop a post-mining economy, the better the chances of success (PEAC, 2004) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

Nel *et al.*, (2003: 377) identify three LED mitigation strategies pursued by the municipality and the community of Dundee in KZN, which corresponds to broad international experience. The first is that local government tries to draw in new large-scale investment by international firms. This approach has also been attempted in the Free State Goldfields (South Africa). Secondly, local interest groups and the municipality pursue LED strategies in an attempt to address the unemployment and poverty levels of a region. This approach consists of an active attempt by the local community and the municipality to address local economic development co-operatively. (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

The community of Utrecht in KZN, for example, developed a comprehensive LED action plan that enjoys the buy-in of the municipality, the local community and the

business sector. The strategies employed include, amongst others, plans for the provision of land for urban farming activities and the promotion of the production of local arts and crafts by township residents. A third strategy is that the community starts spontaneous and independent LED initiatives based on self-initiated projects. However, despite these noble ideas, research conducted internationally has shown that only a very few LED initiatives really prosper. It should also be borne in mind that LED initiatives might not create sufficient jobs immediately, but that, in the long term, the possible impact of these initiatives on the economy is significant (Nel et al, 2003: 376) in (file//E:\Towards a post-mining economy in a small town: challenges, obstacles and lessons from South Africa..... 2009/08/07).

The strategic intention of the Freedom Charter of transferring the wealth of the nation to the ownership of the people, cannot take place without the complete social revolution of society. This means that social relations will be changed from individual to collective. The economy of the country will be controlled by the state on behalf of the people. The productive force, especially of the monopolies, shall be centrally controlled by the state to reduce and fight exploitation and hunger. The state shall reduce external expropriation of the national mineral resources by foreign monopolies and build internal capacity to produce according to the need of the people of South Africa (Mutheiwana, 2009: 42).

## **2.7 Conclusion.**

In this chapter, the concepts of local government and the mines management and administration were discussed to stress their activities. It include their environmental management, the constitutional obligations and co-operative governance

There is a serious challenge that the government is faced with, which is to clear its mandate on mines and transformation since the inception of the democratic government. The protection of the South African natural resources and the pollution of the environment by the mines' waste production is still a serious problem to the communities at the expense of financial gain. Hence it is the mines that have employed the majority of the previously disadvantaged South Africans.

# **CHAPTER THREE**

## **RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction.**

Research is regarded as a family of methodologies each of which leads to statements of knowledge (Cohen & Manion, 1994: 38). Research methodology refers to the range of approaches used to gather data, which are used as a basis for inference and interpretation, for explanation and prediction. It is methodology that distinguishes research from mere speculation (Miller, 1985: 185). Methodology enables a researcher to reach a valid and reliable perception of phenomena, events, processes or issues at many different levels.

For the purpose of this study, the survey method was considered to be the most appropriate because:

- ❖ Surveys allow a researcher to measure attitudes, opinions, or achievements – any number of variables in the natural setting (Wiersma, 1991: 166).
- ❖ The survey method enables the researcher to “collect information from a smaller group or sub-set of the population in such a way that knowledge gained is representative of the population under study” (Cohen & Manion, 1994: 75).
- ❖ Today, survey research is still recognized as indispensable for establishing socio-economic trends in the South African population and receives high priority in government circles (Babbie & Mouton, 2005:230).

Accordingly, this study is aimed at systematic collection and interpretation of information, which will enable the researcher to suggest solutions for the crises at hand.

The aim of this chapter is to discuss the empirical components of the study and to analyse the data collected. The instruments used to collect data for the study will first be discussed. Thereafter, attention will be paid to the reliability and validity of the research instruments, pilot study, sampling, data collection procedures, data

analysis, research findings and the limitations of the study. The researcher hopes that this study will provide valuable input to the role of the Ba-Phalaborwa Local Municipality in addressing the socio-economic mining challenges on the Phalaborwa communities.

### **3.2 Sampling design and size.**

Sampling is a process of selecting individuals who will participate in a research study (Fraenkel & Wallen, 1996: 111). In view of the aims of this study, stratified sampling was used to select the sample of this study. Stratified sampling is described as a technique that organizes the population into homogenous subsets (with heterogeneity between the subsets) and to select the appropriate number of subsets from each (Babbie, 1992: 215).

This implies that, rather than selecting the sample from the entire population at large; the researcher ensures that appropriate numbers of elements are drawn from homogeneous subsets of that population. The population of a study is that group which the researcher is interested in gaining information and drawing conclusions about. Because this study concerns the effective participation of all the stakeholders, it was considered essential to include all the major stakeholders in the Phalaborwa Area of the Limpopo Province, namely, the Ba-Phalaborwa Local Municipality, the community members, the mines, farmers and the department of health.

There are five mines in the Phalaborwa area, namely, PMC, Foskor, Sasol, JCI and Mica. Accordingly, a random sample of three mines was selected using the table of random numbers, namely PMC, Foskor and Sasol. The total number of the respondents participated in the study was 30.

	NAME OF STAKEHOLDER	RESPONDENTS
1.	Ba-Phalaborwa Local Municipality	3
2.	Phalaborwa Mining Company (PMC)	3
3.	Sasol Nitro	3
4.	Foskor	3
5.	Community Members	7
6.	Farmers	3
7.	Mine workers	5
8.	Department of Health	3
9.	TOTALS	30

Table 3.1. Number of Respondents

The researcher believes that this technique ensured a greater degree of representativity and thereby decreased possible sampling error.

### **3.3 Instruments used in the study.**

Having selected the survey method of investigation, the researcher needed to choose the instruments, which would be used to collect the data. To supplement the literature review, interviews were used for data collection. Interviews were preferred because of the advantages of control, reliability and speed. That is, the investigator has maximum control over what takes place in the interview. The interview would be reliable in the sense that the same format is being used with each respondent, and that the identity of the interviewer should have minimal impact on the responses obtained.

In this study, a structured interviewing instrument containing 18 items was designed and administered to selected stakeholders. In developing the interview, the variables to be measured focused on:

- ❖ For how long did you know about the mining operations in Phalaborwa?

- ❖ What do you think caused the mines to retrench its employees in such a big number?
- ❖ What was done when the local mines retrenched its employees?
- ❖ Is there any training or skills development offered for those retrenched?
- ❖ Is there any unemployment relief programmes put in place?
- ❖ What is the unemployment rate of Phalaborwa?
- ❖ Is there any community development project established by the local municipality?
- ❖ Can the project sustain itself?
- ❖ How does the community benefit from the project?
- ❖ What are the environmental challenges that you are experiencing in Phalaborwa?
- ❖ What is the social and economic status of the society?
- ❖ Are you aware of any strategic plans that are developed to address the social and economic challenges in Phalaborwa?
- ❖ Do you know of any partnership that exists amongst the mines, municipality and the community in Phalaborwa?
- ❖ How does this partnership enhance the social and economic development?
- ❖ How many community projects are implemented through these partnerships?
- ❖ Is there any monitoring instrument employed to measure the effectiveness of the projects to the community?
- ❖ What are the strategies employed by the chamber of mines to reduce unemployment?
- ❖ Generally comment on the socio-economic impact of the mines and how the challenges could be resolved?

### **3.4 Data collection.**

Due to economic and other considerations, it was mandatory that the research area be delimited to the Phalaborwa Area of the North Eastern region of the Limpopo Province. Because this area has urban, semi-urban and rural areas and integrates the past geographical areas of former-Lebowa, former-Gazankulu and

former-Central Government, it was considered to be most representative of the entire Limpopo Province.

According to Creswell (1994: 148), before a researcher begins with research, it is important to gain access to the research or archival sites by seeking the approval of "gatekeepers". In the case of this study, the researcher first contacted the general managers of the mines, farms, the local municipality, and the department of health to give them a detailed explanation about the research.

According to Glesne and Peshkin (1992: 33), before a researcher begins with his or her research, he or she must also go through the process of gaining access to his or her respondents. In this research, the researcher wrote a letter to all the respondents, explaining the purpose of the research and requesting them to participate. The each interview took one and half hour.

### **3.5 Reliability and validity of the research instruments.**

Determining the accuracy of the data, discussing the generalizability of it, and advancing the possibilities of replicating a study, have long been considered the scientific evidence of a scholarly study (Creswel, 1994: 157). This is achieved by establishing the reliability and validity of the research instrument.

Reliability in research refers to whether or not consistent results are yielded (Armstrong and Grace, 1997:44). According to Creswell (1994: 157), one might discuss reliability in terms of:

- ❖ Measures of item consistency (whether item responses are consistent across construct; and
- ❖ Test stability (whether individuals vary in their responses when the instrument is administered for a second time).

In this study, measures of item consistency and test stability were achieved by subjecting the instrument to a pilot study. The aim of the pilot study was to determine possible flaws in terms of ambiguity and the possibility of repetition of questions. At the end of the pilot study, the researcher realised the need to refine some research questions. Glesne and Peshkin (1992: 147) are of the opinion that the alertness of

the researcher to his or her own bias and subjectivity also assist in ensuring the trustworthiness and authenticity of the research findings. In this study, the researcher avoided his bias and subjectivity in the framing of questions by not giving personal opinion.

According to Tuckman (1978: 4) validity in research refers to whether the outcome of the study is a function of the programme or approach being tested rather than the result of other causes not systematically dealt with in the study, and whether the results obtained would apply in the real world to similar programmes. This implies reporting on efforts by researchers to establish whether items measure the content they were intended to measure and whether the results correlate with other results. In this study validity was ensured by reviewing the research problem with the respondent before administering the instrument.

### **3.6 Pilot study.**

A pilot study is described as a small scale study using a small sample of the population but not the same group that will eventually form part of the sample group in the actual research (Uys & Basson, 1995: 103). In this study a pilot study was conducted with five community members from whom the sample was drawn. The community members were provided information responding from the questions of the study. Apart from few language errors, no negative comments were given and interview questions were not changed.

### **3.7 Conclusion.**

In this chapter the researcher discussed the research design for the study. The instruments used in the study, reliability of the research instruments, pilot study, sample design and size and data collection procedures were discussed.

In the subsequent chapter, an empirical investigation will be conducted to assess the Ba-Phalaborwa Local Municipality in addressing socio-economic challenges caused by the mines.

# **CHAPTER FOUR**

## **DATA ANALYSIS AND INTERPRETATION**

### **4.1 Introduction.**

This chapter gives the analysis of the findings from the data collected after the interaction with the respondents. Qualitative data analysis method was used to give the readers in-depth understanding of the results and the opinions of the respondents. According to Babbie (2004: 369), qualitative data analysis is the non-numerical assessment of observation, content analysis, in-depth interviews and other qualitative research techniques. The names of the respondents will not be mentioned in this analysis, basically to protect their anonymity.

The participants included mines officials, municipality officials, community members, farmers and administrators from the department of Health and Social Services in Ba-Phalaborwa Local Municipality. From the thirty respondents who were interviewed, all of them participated in the programme as scheduled.

### **4.2 Knowledge about the mining operations in Phalaborwa.**

The respondents from Foskor, Phalaborwa Mining Company and Sasol Nitro mines attested that they had a deeper knowledge and understanding of the mining operations in the Ba-Phalaborwa Local Municipality. One individual served in the mining industry for 9 years, while the others had the experience of more than 20 years. Some of the respondents indicated how they were employed by the mines more than 20 years ago with only std 8 (Grade 10) certificate but now occupying senior positions in the mines as a result of hard work, study opportunities within the mines and capacity building workshops attended to enrich their knowledge.

The respondents from the Ba-Phalaborwa Local Municipality had more than 7 years experience in dealing with the mining operation. There are officials of the municipality who are sitting in the social investment arm of the municipality to deal with social development. Some of the officials are spearheading the Local and Economic Development programmes of the Ba-Phalaborwa Local Municipality. They

also indicated how they have been interacting with the mines and the communities on issues of social and economic development.

The responses from the community members interviewed indicate that mining is known in the area. The respondents indicated how they benefited indirectly and directly from the mining activities in the communities. They indicated the way these mines used to organise Christmas gifts for families of mine workers before 1994. These events were attracting all community members, traditional leaders and senior officials of the mines. The events were also held annually at the local stadium. These created opportunities for hawkers and other self employed members of the community to benefit.

Based on the information provided by the participants, the researcher find that mining in the Ba-Phalaborwa Local Municipality is known. However, their knowledge about the mining operations is limited to the background they are aware of. It also implies that the majority of community members work in the mines or have relatives, friends or neighbours working there. Therefore, all the respondents had an understanding about the social and economic impact of the mines in the community of Phalaborwa. However, the knowledge gathered is that of work related situation and having more than 30 years service in a particular section. It is also important to note that there is a relationship existing between the local municipality and the mines.

#### **4.3 Possible causes of retrenchment in the mines.**

The mining respondents offer the views that the retrenchment in the mines took employees by surprise. The respondents associated the retrenchment with the international political views, the South African political views and the international markets of the products mined. The respondents indicated that the mining industries have been a profit making entities and their existence depended most on their exports and the international market for their products. These respondents indicated the rights of the labour forces to belong to workers unions, hence the support of the National Union of Mine workers (NUM). The respondents concurred that these rights increased the level of awareness on the bargaining powers of the employees with the employers. The respondents further indicated that the issue of bread and butter

and employees working conditions caused more sit-ins and stay away. Production was affected and these unsettled the employers.

According to the respondents from the mines, continuous strikes in the mines before and after 1994's democratic government prompted the employers to minimise or reduce the work force as a response to a high salary demands and loss of production. To justify these, in 2007 the South African National Union of Mineworkers, which represented the nation's mine workers, engaged in a series of talks with the Chamber of Mines. The meetings also saw the participation of the Commission for Conciliation, Mediation and Arbitration, a body with mediation authority over the dispute. On November 27, 2007, the National Union of Mineworkers announced that South African mineworkers would go on strike to protest at unsafe working conditions. The strike took place on December 4, and impacted over 240,000 workers at 60 sites across the country, including mines devoted to the production of gold, platinum and coal ([http://en.Wikipedia.org/wiki/Mining\\_in\\_South\\_Africa...2009/04/04](http://en.Wikipedia.org/wiki/Mining_in_South_Africa...2009/04/04)).

They also indicated some of the strategies employed by the mines to meet those challenges at that time. The following approaches are indicated by the respondents as alternatives to retrenchments:

- ❖ Out-sourcing non-productive enterprises and closing down of other operations.
- ❖ Out-sourcing the employees by retrenching them and re-employing them through private contractors to perform the same task or work which was performed by them but at a low cost and on the terms of the contractors.
- ❖ Cost cutting for the survival of the entities to improve their profit margin.
- ❖ Active members of the unions were also targeted at all times and dismissed from work.

The respondents from the Phalaborwa Mining Company (PMC) indicated that at first, this mine was operating as an open cast. The respondents also indicated that the intention to opt for underground mining rather than closing down the facility succeeded. During such a transition, the whole face of operation had to change. All the machineries were to change. The production dropped, the equipment became

expensive and less employees were required. The respondents indicated that more employees were retrenched. The respondents indicated that there were employees hand-picked to work underground; because of the fear of working underground they opted for early retirement. The respondents further disclosed that the by-products in the Phalaborwa Mining Company (PMC) were useful products in Foskor and Sasol Nitro mines. Therefore, when PMC was affected, the other local mines and industries were seriously affected. In other words, the retrenchment of employees in PMC influenced the other mines to follow the same pattern. Hence, most unskilled workers were affected than the few skilled workers in all the mines.

The respondents from the municipality argued that retrenchments were caused by the scaling down of the Phalaborwa Mining Company, instability in the mines due to continuous labour protests and international competitions. They further pointed out the competition between the local mines was also one of the causes. Competent employees would move from one mine to another based on the offers given to them. The respondents from the community concurred with the views raised by the respondent from the municipality. They further emphasised what transpired during the public stakeholder consultation sessions on social investment interventions that both the municipality and the community leaders should engage the mines to identify matters that causes retrenchment and ways to avoid such in future, but employees continued to lose their jobs.

Despite the reasons given on the possible causes of retrenchment in the mines, all the respondents based them on speculations, common sense and or personal understanding. It has been proven that the majority of the affected workers were unskilled. Hence it is genuine that the mines are profit orientated and their main focus was on production than keeping employees. The raw materials mined are exported to other countries and the value of the international currency has an effect. It is also true that the labour unions in all South African mines were politicised and became political relevant for democracy. There were regular strike actions in Phalaborwa hence the spirit of solidarity that was ploughed by COSATU. The African Labour Research Network by the National Labour and Economic Development Institute concurs with the idea that COSATU has strength as well as potential for unrest following from its ranks (African Labour Research Network, 2005: 10). This

forced the mines to find ways of cutting costs. Retrenchment was one of the solutions.

One may not rule out the possibility of retaliation by the mining industries to vent their anger and frustrations towards the employees. The fact of the matter was that employees were retrenched and their economic and social life affected the community at large. The ideas of the respondents are resonant with those of Mutheiwana (2009: 50), that the mineral rich rural land is controlled by the dominant urban rich white class. Rural land produces the bulk of food required by the cities and metropolitan areas, where land is predominantly privately developed. These products and mineral resources, the products of the rural land, create employment for the people in the cities and Britain, America, India and many foreign countries, while the owners of these products remain at home unemployed and surrounded by a sea of poverty (Mutheiwana, 2009: 50).

The political situation and labour disputes and the employers' attitude contributed to retrenchment in South Africa.

#### **4.4 Ex - facto retrenchments-**

According to the respondents from the mining industries, the mines were proactive after realising that many people were to lose their jobs. The following measures were suggested for the retrenched employees:

- ❖ Skills programmes to be offered to those interested.
- ❖ Formation of small companies or contracts with the mines.
- ❖ Assistance with writing of business plans.
- ❖ Financial management courses.
- ❖ Introduction of intervention systems (projects) available at their disposal.
- ❖ The mines investing in the social labour plans.
- ❖ 6% of mines' ordinary shares to be sold to its employees.

The community's ideas encapsulate that good severance packages were given to the employees of the mines depending on the salary bend of an employee. They also stated that such employees received huge pay packages and were not advised

or guided on financial management. The respondents also stated that this vacuum of inability to manage finances exposed the retrenched employees to financial mismanagement. They claim that most unskilled workers were retrenched without clear knowledge and understanding of investments and or how to use the money received profitably.

In reference to the respondents by the officials from the local municipality, the local municipality met with the management of the local mines in 2008 to seek ways of avoiding further retrenchments in Phalaborwa. The respondents further indicated that they had little if no powers to persuade the local mines to stop retrenchment. They further indicated that the management of the mines was the competence of the National and Provincial Governments. In South Africa, the socio-economic formation is not framed for the advantage of the Freedom Charter. The system is not designed to protect work and give security to employees, but to create profit for the owners of the factories, farms, and mines. It is also important to know that when the Freedom Charter states that there shall be work and security, it did not envisage the creation of the economy that would survive by giving birth to an army of unemployed (Mutheiwana 2009: 66). For both the mines and the local municipality contributed to the present socio-economic status. Though employees were given packages, they remained vulnerable to exploitation and ultimately ended in absolute poverty at a later stage.

Given that the respondents claimed that consultation was done, it remained evident that both the municipality and the mines did nothing to assist the retrenched employees. The researcher observed that it depends on who is driving the process.

#### **4.5 Skills development for the retrenched employees.**

According to the respondents from the community, nothing was done to empower the retrenched workers with skills. That is, there was no skills development or training of some sort that was in place to retrain or skill the employees for absorption in other divisions of the mines. They indicated that the mines did not train them on any skill. They further stated that the management of the mines also failed to protect them from financial abuses that at a later stage crippled their social status. The negligence of training prior to retrenchment resulted in difficulties as the retrenched

workers found life extremely difficult at a later stage in their respective communities. The respondents also stated that the assistance that was expected from the employers arrived very late when they had exhausted their monies. Based on the mine's social labour plans workers are trained and skilled in technical skills.

The respondents from the Ba-Phalaborwa Local Municipality indicated that the municipality recommended the Local Economic Development unit manager to commission a suitable service provider to assist with the compilation of a municipal development programme for the informal economy to assist all unemployed citizens of Phalaborwa. The task team identified the informal entrepreneurs to be established. They planned to develop and implement training programmes for informal entrepreneurs on business development and life skills. The respondents further stated that they were aware that the programme was unlikely to create many jobs, but it would improve the quality of living of many people who were already engaged in the second economy.

The respondents from the municipality constitutes that the Department of Strategic Planning and Local Economic Development of Ba-Phalaborwa Local Municipality also engages the State Agencies on the skills development programmes. Such agencies are LIBSA, Phalaborwa Foundation, Foskor, Department of Labour, and Department of Social Development. Both the agencies and the municipality identify needs, and such a need is coordinated amongst the stakeholders. They then discuss on the implementation of training. The total number of training was 200 for 2009.

The respondents from the mines deliberated that employees were trained in other skills before they were retrenched by all the mines. They indicated the role that was played by Phalaborwa Foundation that of pursuing the programme of Phalaborwa Mining Company (PMC). They further pointed out that the foundation enhanced skills in relation to mining qualification authority (MQA). The foundation also trained many people on alternative skills programmes including the following: carpentry, brick laying, sowing, cooking or catering, business development training, tiling and roofing.

In considering the implication of skills development for the retrenched employees, it is evident that no constructive training or skill development was offered. Even if they were trained or skilled, it would expose them for employment or address the plight of

the affected employees (2008 Phalaborwa Sustainable Development Report). The Phalaborwa mining company indicated that ex-employees were trained for business management, brick laying, carpentry, catering etc. hence, these are irrelevant to mining.

#### **4. 6 Unemployment relief programmes.**

According to the respondents from the municipality, unemployment relief programmes are in existence in the Ba-Phalaborwa Local Municipality. They claimed that these programmes are meant to assist the unemployed and to alleviate poverty in general. They further indicated that the relief programme of the Department of Social Development offered services in projects establishment. They indicated that a number of projects that were running which were financed by the department. They suggested that the municipality organise an open day for them. Limpopo Business Development Agency (LIBSA) assists with the enterprise incubation.

The respondents from the municipality further promulgate the programme that is implemented by the local municipality and the department of local government and housing in building RDP houses. The unemployed and those with a low income below R1000 are beneficiaries. Ward councillors play an important role in identifying such families who qualify for RDP houses. They further indicated their relationship with the Department of Health and Social development on a programme of food parcels to the poor or the unemployed. The respondents from the Department of Health and Social Development concurs with the claim and further mentions that child care facilities are part of their responsibilities together with the local municipality.

The nature of skills requirements for mining operations has nurtured a migrant labour system with its negative impact on communities, including the spread of HIV. The rate of HIV/AIDS infections is recorded amongst the highest within Limpopo Province and it is comparable with those of other mining towns of the Province. The migrant labour system is a direct result of a shortage of relevant skills within the community to support the local economy or skills mismatch (Ba-Phalaborwa 2009/10 IDP: 9). In view of the above, the respondents from the municipality further indicated initiatives by the local municipality and the Phalaborwa Mining Company to build an HIV/AIDS

Community Health Centre. They have a programme of providing and supplying anti-retroviral tablets to infected persons. They also introduced Health Care Community Services throughout the municipality.

According to the relief programmes that were implemented by the mines the respondents from the mines indicated that only former white employees from the mines benefited from the construction companies started by the mines. They claimed that former employees were given access to form their construction companies as the mines decided to out-source certain divisions in the mines. Even though there were policies that needed the involvement of previously disadvantaged members of the society, most Africans and women were just fronted by the whites owned companies. The respondents further indicated that some even opted to use African names to register their companies and included Africans and women as directors without decision-making powers.

The respondents further indicated that there were supplier development interventions operating under the procurement section. This initiative was introduced by the mines for mineworkers and those retrenched. Former employees were assisted in becoming entrepreneurs and ultimately becoming employers themselves. This programme was meant for all the retrenched employees in Foskor, PMC, and Sasol Nitro mining company. The previously disadvantaged members retrenched were given an opportunity to supply the mines with certain materials or equipment that were needed by the technicians in the mines or to supply spare parts for certain machineries in the company. These programmes were simply exploited by those who have money through fronting the same employees to enrich themselves. It goes without saying that there was no proper administration and management of this programmes, hence the local municipality was not engaged.

Some community respondents' claimed that the unemployment relief programmes did not exist in Phalaborwa, while some argued that they did exist. They further mentioned that if such programmes were available, there must be specific individuals benefiting apart from the members of the communities. They also cited the construction of RDP houses by the Local Municipality and the Local Government and Housing. Mutheiwana's exegesis is that society needs to be structured in such a way that there is no reason for one to profit through over-exploitation of labour power in

exchange for wages as compensation for time and labour spent in the production process of goods and services (Mutheiwana, 2009: 65). They indicated that in these programmes (RDP Houses) exploitation is rife because they work very hard and receive little while the owners receive a bigger share. Some the respondents argue that in some of the programmes meant to benefit the communities, programme managers and their close associates' benefits. Mutheiwana further promulgates that the Freedom Charter did not envisage a situation where South Africa would be exposed to all the vultures of the world while South Africans are abandoned to the mercy of vicissitude. Until and when each social community develops its housing needs, do projections based on the correct data of those in the community, end general allocation and stick to formal application based on the history of the family in that locality, this open wholesale of state RDP housing will remain a nightmare (Mutheiwana, 2009: 79)

#### **4.7 Unemployment rate.**

According to all the respondents there was a common understanding that the unemployment rate in the Ba-Phalaborwa community was high. According to the research conducted by Glen Steyn and Associates for Ba-Phalaborwa Local Economic Development Strategy, the unemployment rate stood at 40%.

It is therefore evident that the unemployment rate in the Phalaborwa community has reached an unacceptable state. The poor socio – economic development situation that is caused by the administrative policies of the mines, create tension and frustration among the Ba-Phalaborwa communities. Hence there are local mines operating in the area and their investment to the communities need to be seriously scrutinized whether is developmental or just profit making. The society becomes economically inactive and resort to social activities that will affect the population growth and a negative life style. Glen Steyn and associates note that adults with no schooling have increased to 30% in semi urban areas and between 50% and 60% in rural areas and on the farms. They further stated that Phalaborwa has an immediate unemployment problem that will be exacerbated if any of the mines have to scale down or close (Glen Steyn & Associates, 2007: 4).

Mutheiwana, (2009: 58) concurs by indicating that a society that espouses its economic policies will determine the political, social and cultural life of the people of the time.

#### **4.8 Community development projects established by the local municipality.**

According to the respondents from the municipality, there are community development projects that were initiated and administered by Ba-Phalaborwa Local Municipality. They further stated that these projects were established as part of the Integrated Development Programme (IDP). The respondents pointed out the following project:

- ❖ Bollanoto tourism centre.
- ❖ Flea market (market village)
- ❖ Freedom and memorial precinct.
- ❖ Seloane Thusong service centre.

The respondents from the municipality further stated that Ba-Phalaborwa Local Municipality had entered into an agreement with the Development Bank of South Africa (DBSA) on community development and projects. The Bank offered the Municipality R200 million for community projects. The DBSA also appointed a full-time project manager for the programme. The project could play an important role in assisting with the implementation of the proposed sustainable community interventions (Glen Steyn & Associates, 2007:25).

The respondents from the municipality further mentioned projects that are funded by the National Treasury through the initiatives of the Local Economic and Development Strategic Plan, Spatial Development Plan and State of Environment of Ba-Phalaborwa Local Municipality. They are:

- ❖ Hawkers facilities in Namakgale next to Maphuta L Malatji Hospital
- ❖ Electronic Bill Boards in all main entrances of Ba-Phalaborwa Municipality with information to guide tourists.
- ❖ Taxi ranks at Namakgale and Lulekani with all facilities that cater for the commuters and taxi operators.

- ❖ Cultural Village at Mashishimale Village.
- ❖ Drive in Park at Gravelotte that displays the face of tourism in Ba-Phalaborwa that includes Kruger National Park.

The respondents from the mining industries they indicated that they are engaged in different community projects. They stated the following as their up and running projects:

- ❖ Street paving
- ❖ Road repairs and street rehabilitation
- ❖ Phalaborwa FM
- ❖ Beads work
- ❖ Pottery
- ❖ Sawing
- ❖ Chicken breeding
- ❖ Recycling project
- ❖ Protect (education)
- ❖ Carpentry
- ❖ Catering
- ❖ Brick laying
- ❖ Tiling
- ❖ Waterbog farming project
- ❖ Electricity power station upgrading
- ❖ Marula oil project

The respondents from Foskor mine and Phalaborwa Mining Company further emphasised the role they were playing in empowering the communities through these projects.

Based on the issues raised about projects, the researcher believes that if proper management of the aforesaid projects was in place, the prevailing social and economic conditions of the community would improve.

#### **4. 9 Projects sustainability.**

The respondents from the mining sector were not happy about the sustainability of their community projects. They were of the opinion that their projects were not sustainable.

The respondents from the local municipality indicated that they were not proud of the way in which the projects were managed and administered. They indicated poor financial management as part of the problem. They stated lack of accountability and commitment by project coordinators. The respondents indicated that some of the projects were closed because of internal conflicts by committee members.

According to community members' respondents, the projects were not sustainable enough to address unemployment and poverty. They claimed that in all the projects implemented there were no signs of progress. The respondents further indicated lack of support by local businesses and government.

One issue needs to be taken into account is whether all the respondents' concerns about the sustenance of the projects are taken into considerations. The projects implementations by mines and the local municipality were meant for social and economic development of the communities around Ba-Phalaborwa Local Municipality.

#### **4. 10 Community beneficiations.**

According to the respondents from the mines and the municipality, the existence of the projects in the communities has benefited these communities with the following:

- ❖ Employment opportunities.
- ❖ Transfer of skills.
- ❖ Reduction of the level of illiteracy.
- ❖ Reduction of the effects of poverty.
- ❖ Business opportunities.
- ❖ Provision of infrastructure.
- ❖ Women empowerment.
- ❖ Stimulation of the economic activity of the region.

According to the sentiments echoed by the community members as they respond to the questions, projects are running but their impacts are not visible. The state of people's lives that are part of the projects cannot be translated into real and normal life of persons who are employed or with an income. They indicated that they live from hand to mouth; hence they have a family member who needs financial assistance, for example, paying school funds for their children.

The respondents from the Foskor mines expressed that Ba-Phalaborwa community benefited continuously through negotiations with the mine. They indicated the involvement of the industrial development corporation (IDC) and the Broad Based Economic interest groups consisting of local tribal authorities in discussing their shareholdings in Foskor. The respondents further stated that the IDC's programmes were to further development, transformation, economic empowerment and increase economic participation in the communities.

The respondents from the Phalaborwa Mining Company pointed out that the mines and the traditional leaders were facilitating the process of shareholdings in PMC. The discussions were done behind closed doors between the mines and the community leaders. At the moment there are no direct economic benefits for the local communities from PMC.

The respondents from the local municipality local communities do benefit from these projects. A number of community members established their own Small, Medium and Micro-Enterprises (SMME). What is encouraging is the role which is played by the Phalaborwa Foundation of certifying those who are succeeding. They further indicated the role played by the Department of Social Development that of financing the small business. The provisions of infrastructure and women empowerment were also seen as positive moves in the right direction.

#### **4. 11 Environmental challenges.**

ALL respondents were aware of the environmental challenges in the Phalaborwa community. The following challenges were emphasized by the respondents:

- ❖ Air pollution by dust from the mines and dangerous gases.

- ❖ Surface and underground water contamination from the industrial wastes from the mines.
- ❖ Exhaustion of mineral resources.
- ❖ Deforestation due to expansion of the mines.
- ❖ Sulphur dioxide (SO<sub>2</sub>) emissions.
- ❖ Land claims of more farms.
- ❖ Noise.
- ❖ Un-rehabilitated landfill sites.
- ❖ Black dust particles.

Mining environmentalists confirm the aforesaid environmental threats. They further indicated how they were able to manage all threats that were likely to be experienced by the members of the communities.

The debate stimulated by the respondents from the local municipality indicate that mining in general results in significant environmental degradation and pollution, and often mitigation measures are such that these require long-term monitoring and maintenance. Old mine tailings and dumps are the most important contributors in this regard. Due to the nature of the beneficiation process in mining (crushing, screening and washing processes specifically), metal and other elements within the ore often go into solution, and are pumped (in the form of slurry) to the tailings dams. Over the years, these chemicals leach through the dam into the ground water resulting in contamination of the underlying aquifers and eventually enter surface water bodies where such aquifers subtend the surface (Glan Steyn & Associates, 2007: 8).

In Ba-Phalaborwa where evaporation is high, these chemicals can crystallize on the tailings dams and become airborne during windy periods. This poses a significant health and environmental risk in that the effective impact becomes regional (or trans-boundary) as opposed to localized. The deposition of this dust on water bodies generally reduces water quality. Deposition on vegetation which is utilised for grazing can impact on livestock, which can result in some ingestion by humans (Glan Steyn & Associates, 2007: 8). It can however be concluded that the health of the community members and other living organisms are at stake.

In essence, the municipality indicated that they anticipated environmental implications. They only advised the mines on reworking, tailing and removal of mine dumps as they are potential sources of pollution on the physical, biophysical and socio-economic environment. From the respondents' view, it is apparent that very little has been done by Ba-Phalaborwa local municipality.

#### **4. 12 Socio-economic status of the society.**

All the respondents indicated that in rural settlements and semi-urban settlements the state of abject poverty was very high due to unemployment, lack of skills, lack of infrastructural development and lack of business opportunities. The standard of education of most community members was rather low and lower still in remote rural areas. The respondents indicated the rate of crime and HIV/AIDS infection was high. Also, the rate of mortality was very high, and this has a serious economic impact.

The respondents from the mines indicated that the mining industry was the economic base of Phalaborwa. The respondents further raised the employment strategy and practices by the mines through the employment agencies. They claim that the approach was beyond the comprehension of local residence and disadvantageous to the locals. Persons from outside Ba-Phalaborwa Municipality area are regularly appointed and not local residents. This attitude by the employers will not have an impact in reducing the unemployment rate of Phalaborwa community.

According to Ba-Phalaborwa Local Economic Development Strategy, the official economic production statistics as provided by the private firm, Quantec, provides desktop estimates of gross value added at the local level on a subscription basis. The mining sector is overwhelmingly dominant, representing 64% of gross geographic production. The major producers are Phalaborwa Mining Company and Foskor. General government services add to the local economy 8% in the form of salaries from mainly teachers, police, health personnel and local government officials. The wholesale and retail trade, catering and accommodation contribute 7% to GDP. Agriculture contributes less than 1% to GDP (Glan Steyn & Associates, 2007: 4).

The respondents from the communities raised their concerns about the environmental management, especially on the dust during blasting, water contamination and the spillage of chemicals from the mines into the local river as an immediate threat to the lives of the people. In response to the communities' complaints, a respondent from the mine reported on the process of blasting, indicating that local residents especially nearby households are notified, emergency services are alerted and road blockage is made. They also make a notice in the local newspaper about the blast. The respondent from the local municipality indicated that they don't form of the whole process.

#### **4.13 Strategic plans developed to address social and economic challenges.**

According to the respondents from the mines, the mining industries in Phalaborwa had strategic plans developed to address the social and economic challenges. The respondents for example pointed out that the decision the Phalaborwa Mining Company (PMC) to operate as an underground mine prevented massive job losses. The life spans of the other mines, Foskor and Sasol Nitro depending on PMC's survival were also sustained. The respondents indicated how PMC mine involved its local and economic development structure, the Phalaborwa Foundation to reach out to the communities. They further stated the way the Foundation continued to sustain and develop the social and economic status in the community of Phalaborwa. The Phalaborwa Foundation Centre trained local people in the following:

- ❖ Brick laying;
- ❖ Carpentry;
- ❖ Catering;
- ❖ Sewing; and
- ❖ Tiling.

The respondents from the mine also alluded about the millions expansion projects for the South Pyroxenite by the Foskor mine that could operate for more than 50 years to come. This project would rescue the unemployment state in Phalaborwa.

The respondents from the local municipality indicate that the municipality is continuously engaging the other spheres of government and local mines to address

the social and economic development of Phalaborwa. The municipality involves the Phalaborwa Mining Company, Foskor and Sasol Nitro, the National Treasury and other government departments in improving the social and economic status of the community. In response to this challenge, one of the spokesperson reported that the municipality involves the community during the IDP (Integrated Development Programme) forums and public hearings by the municipality to plan for community development.

According to senior officials responsible for the IDP programme of Ba-Phalaborwa Municipality which was approved during 2009/10, the municipality has adopted a new strategy. The respondent explains that it is also stipulated in the IDP document that a decision has been taken to diversify the local economy from mining dependent to tourism-driven, given the potential tourism holds for the area. The strategic intent of the municipality is to grow the economy and create employment through tourism. Furthermore, the respondent indicated that the development planning framework of the IDP derives from the National Spatial Development Perspective (NSDP) at a national level and the Provincial Growth and Development Strategy (PGDS) at provincial level. They also emphasised that a brief profile of priority areas have been identified as follows:

- ❖ Skills shortage – leadership and training.
- ❖ Poor execution of plans – training (effective implementation planning and continuity)
- ❖ Unsustained marketing – strategic positioning (strategic direction and continuity)
- ❖ HIV/AIDS high prevalence – employment and middle class awareness and health facilities
- ❖ Unemployment – tourism and its value chain, mining beneficiation, venison (red and white meat) cluster, and skills training.
- ❖ Economic dependence on mines – strategically positioned for tourism sector development
- ❖ Land redistribution process – partnership (community, parastatals, private sector and sector departments)

In view of the above, the respondents further indicated that these plans were developed through the strategic analysis process that was used as input into the strategic planning processes. Alignment and requirements were achieved through the integrated strategic approach.

Another respondent from the municipality indicated the needs of the community were identified and prioritised. The Independent Development Trust (IDT) assisted the municipality to collect and analyse ward information. The municipality backed by the CMTP (Centre for Municipal Transformation Programme), commissioned a quality of life survey. All ward challenges identified were confirmed during public participation processes in the wards. Public participation included *imbizos* and ward report back sessions.

#### **4.14 Public private and public-public partnerships.**

All the respondents confirmed the existence of partnership amongst the mines, municipality and the community. The respondents from the mining industries went further to indicate the kind of a relationship in the three mines. That is, PMC, Foskor and Sasol Nitro on the natural resources they are mining. There by-products of minerals from PMC that are useful to Foskor mine and Sasol Nitro. There are also by-products that are not important for Sasol Nitro but vital to Foskor. Therefore, there is a mutual relationship among these mines based on natural resources.

The respondents from the local municipality indicated that they would request the local Technical College to offer courses that would suit mining. They stated that there was a council resolution emphasising the progress made with the project to convert Sir Val Duncan College as a specialised training college for artisans (Resolution 124/09).

The responses from the mine and the communities indicated that there exist a partnership among the mines, the communities and the local municipality. They indicated the following partnership:

- ❖ Township rejuvenating and rural development – tasked to put in Apollo lights and street lights, Thusong centres, indoor sport centre.

- ❖ PMC through the social labour plan started a project of Marula oil extraction factory, Marula juice factory, hydroponic at Seloane, agriculture project at Mashishimale, poultry farming, libraries in different communities.
- ❖ Foskor mine through the social labour plans to upgrade the roads and implement a project of paving streets.
- ❖ HIV/AIDS project that is a joint venture between Foskor, PMC, and Sasol Nitro, in partnership with the primary health care department.
- ❖ Bollanoto tourism centre.
- ❖ Chicken breeding projects.
- ❖ Bricks, gates, fence, cast crate making projects.
- ❖ Recycling projects.
- ❖ Bakery project.
- ❖ Adult Based Education and Training Centres.

According to the respondents from the community, the HIV/AIDS projects and the interventions by Phalaborwa Foundation, the Department of Health and Social Development, the local municipality and the community members assisted in changing peoples' attitude towards the pandemic. The respondents also indicated the impact of this initiative on those who are infected and affected by the virus as positive and encouraging. The projects also bring hope to the community members.

The respondents further indicated the usefulness of the partnership which brought about employment opportunities for the community. The improvement of the infrastructures in rural areas indicated growth and development. For example, the Thusong Centre that was built by the municipality in partnership with the Phalaborwa foundation, which will also accommodate the office of the traditional authority at Seloane village.

The respondents from the mines indicated the importance of the adult education and training centres that are introduced to reduce the level of illiteracy in the communities. This partnership amongst the mines, the Department of Education and community members addresses the aspects of education in rural areas. Phalaborwa Foundation is leading in this type of project to empower community members, making them literate. The foundation was also engaging efficient maths and science educators to enrich learners in mastering the subjects. According to the respondents

from the local municipality, both officials and councillors indicated that the closure of Sasol Nitro plant resolution has been passed in council (Resolution 135/09). They further stated that the notice also emphasises the participation of the municipality to find a solution to deal with unintended consequences.

The respondents from the communities indicate the way the community enjoy the partnership through the youth centres built by both PMC and Foskor. After 1994 they were disappointed by the attitude of the mines when they sold the community centres built for the youth to private sectors. PMC had a sport centre with all facilities including the stadium, tennis courts, entertainment hall and swimming pools called Palamine club which was bought by a private company. The community members allege that there are people who might have sold the centre to themselves or advised the mine authority to sell so that they could benefit as individuals. Foskor was also selling its sports centre with a hall, stadium for soccer, cricket ground etc. This attitude demoralised the trust that the members of the community had towards the mines.

#### **4.15 Monitoring instrument employed to measure the effectiveness of the projects.**

The respondents from the local municipality indicated that there were monitoring systems in place to monitor the projects in rural areas. The ward councillors and municipal officials are to give reports to the sub committees of council to be reported in the council sittings. The respondents further indicated that the validity of the report could not be guaranteed as a true reflection of what was really happening about the said project.

The respondents from the mines stated that there were managers for social responsibility who were monitoring their activities in the community. They indicated that their activities are monitored and managed by these senior officials who regularly reports during the management meetings. Furthermore, the reports that are given about their activities are documented in their monthly newsletters for the community to read. According to community respondents, they were perturbed by financial mismanagement and maladministration going on in most of the projects.

#### **4.16 Other critical issues.**

According to Mutheiwana (2009:19), governance and what the Freedom charter calls for, needs a society that respects the meaning of legitimate processes, the institutionalisation of procedures, accompanied by the will of the people. It is true that because of human failure, constitutions and protocols, although very well written and elaborate, are rarely followed and protected, hence the erosion of the democracy espoused by many people and the Freedom charter. Therefore, community members in the Ba-Phalaborwa Local Municipality accuse the local government of failing to engage them effectively in sustaining the projects meant to assist them.

According to the respondents from the local municipality, reclamation of mining dumps of magnetite and gypsum was under schedule. The respondents also echoed what is documented in the 2008 Local Economic Document of the Ba-Phalaborwa Local Municipality which is a recent working document of the municipality. The director of strategic planning and Information Management at Ba-Phalaborwa Municipality should facilitate a meeting among stakeholders to discuss a strategy for the compilation of a pre-feasibility study for magnetite beneficiation. The infrastructure requirements for and the environmental implications of the magnetite beneficiation should be included in the pre-feasibility study. It is further stated that the stakeholders concerned should include:

- ❖ Mineral Economic and strategy Unit at Mintek
- ❖ Mining Beneficiation Division at IDT
- ❖ Strategic Projects Unit at Development Bank of South Africa
- ❖ Phalaborwa Mining Company and Foskor
- ❖ Regional Director for Department of Minerals and Energy in Limpopo
- ❖ Mining Directorate in the Limpopo Department of Economic Development,
- ❖ Mining Directorate in the Limpopo department of Environment and Tourism.

They further stated that the cost of the pre-feasibility study, including the preliminary process testing, is estimated at R20 million. It was further suggested that an objective institution such as the Strategic Projects Unit at DBSA should assist Ba-Phalaborwa Municipality in facilitating the stakeholder meeting towards the compilation a prefeasibility study for magnetite beneficiation. The White Paper on

Local Government (1998) introduced the concept of ‘developmental local government’ which is defined as “local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives”. The policy document makes it clear that local government is not responsible for creating jobs. Instead, it ensures that overall economic and social conditions of the locality are conducive to the creation of employment opportunities. Therefore, Ba-Phalaborwa Municipality does not create jobs for its citizens, but create a conducive atmosphere for job creation.

The respondents from the municipality further stipulated that the manager for Local Economic Development was tasked to engage Foskor and Sasol Nitro for a research project on the commercial separation and utilization of gypsum and sulphur from the Foskor and Sasol Nitro mine dumps. It was envisaged that the research project could create jobs and reduce unemployment if successful. The targeted time frame for the research projects is 2009. According to the Local Economic Development of Ba-Phalaborwa Local Municipality, the feasibility study processes for the widening of Copper Lift One and the development of Copper Lift Two in the hands of Phalaborwa mining company and to respond appropriately when specific recommendations are made as a result of these processes.

However, it is essential that proactive measures should be taken to mitigate the impact on community sustainability in the event that copper mining activities are terminated in 2017. It is therefore recommended that the DBSA Sustainable Communities Programme, the Phalaborwa Foundation and the Ba-Phalaborwa Municipality should collaborate on the research project into the community impact of mine closure. It is also anticipated that Exxaro will establish a new ilmenite mine in Gravelotte, employing new workers from 2014. It is stated that the municipality and its information directorate should establish a working relationship with the management of the Consolidated Murchison Mine with the view towards aligning the social and labour plan with the municipal Local and Economic Development strategy.

After detecting that mines have unpredictable life span, the respondents from the municipality further indicated an attempt by the municipality to direct their focus on tourism. It is recommended that a strategy for tourism development and office

buildings for the implementation of such a strategy should be established in the Phalaborwa town. It will include profiling of the tourist market; upgrading the road through Giriyondo to Masingiri (Mozambique); convenient facilities for game viewing; branding of Ba-Phalaborwa Local Municipality and Phalaborwa town in the context of Kruger National Park; and an alternative city entertainment for ecotourism visitors. A strategic plan was introduced to promote tourist entertainment facilities in Namakgale and Lulekani by engaging the Phalaborwa Mining Company and Foskor mine. The municipality, through its officials intends to market the concept of bed and breakfast facilities and other tourism enterprises among homeowners in Namakgale and Lulekani and to facilitate financing for the interested persons from the package available for such purposes from the Department of Environmental Affairs and Tourism. All these initiatives are meant to create employment opportunities for the citizens.

It was also reported that in an attempt to expose young people of the Ba-Phalaborwa Local Municipality to mining, the local municipality has engaged the department of education to familiarise the student with technical careers. The municipality's executive committee and council of Ba-Phalaborwa Local Municipality have passed a resolution on September 2009 to convert Sir Val Duncan College as a specialised training college for artisans. This will assist learners to study relevant courses that will expose them to mining skills and ultimately making them employable by the local mines and other mines in the country. Burgersfort Platinum mines are 150 km away from Phalaborwa.

#### **4.17 Conclusion.**

From the findings provided, it can be deduced that Ba-Phalaborwa Local Municipality has played its part in terms of governance as a sphere of government. The national and the provincial governments are also seen to be playing their supportive role. The question to ask, are they doing enough to address the challenges experienced by the local municipality? Are they of great assistance to the municipality in administration and management of the local mines and the impact they are having towards the community? Is it beneficial to the local municipality when the total control or management of the mines rests with the national and provincial government?

Another serious challenge experienced by the local municipality is the competence of the administrative officials who are to implement the projects and new policies. Political dichotomy is another hurdle which compromises effectiveness and efficiency of government. All mines are expected to stipulate their social responsibilities before the provincial and national government. They have documented all their activities in paper; hence compliancy needs to be monitored. It is the local sphere of government that could perform such a monitoring role. And, if powers for management and administration of the mines were decentralised to the local municipality, the rate of retrenchment and unemployment would have been controlled.

A society in which unemployment is rampant cannot function at its optimum level. One area that would be affected is service delivery. This may leave the local government surviving through grants and other allocations from the national and provincial government.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATION OF THE STUDY**

The researcher assessed the Ba-Phalaborwa Local Municipality in addressing the socio-economic challenges in the Phalaborwa community of Limpopo Province. The impact of the mining industries in the South African history remained a challenge based on the social and economic status. The South African economy remained inferior including its beneficiaries yet the products mined make other countries like Britain and USA wealthy. While these countries become rich, local communities remain vulnerable to environmental hazards, pollution and health hazards. The dawn of a democratic era in South Africa raised hope for the previously disadvantaged. The national and provincial governments are indirectly affected by the impact of these mines. It is critical to point out that the local economy is dependent on the mines while the municipality has a social responsibility to protect and to serve its people.

While reflecting on the objectives, the study sought to assess the part played by Ba-Phalaborwa Local Municipality. In this regard, the intentions of the local municipality towards the impact of mining on the socio-economic status of the communities' pre and post apartheid are not convincing. The mines retrenched its employees at will without seriously engaging the local municipality. The present state of unemployment and poverty will continue to prevail thus opposing the government's programme of poverty alleviation. The economic status of families in post apartheid South Africa is not different besides noticing the emergence of some black bourgeoisie. Therefore the local municipality tried to be visible but it has no impact on influencing the decisions of the mines. The actions of the local mines compromises service delivery programmes of the local municipality. The assessment of the impact of the retrenchment on the community is negative; hence the unemployment rate.

Ba-Phalaborwa Local Municipality has the Strategic Planning and Information Directorate. A considerable capacity has been built with competent managers for IDP (Integrated Development Programme) and LED (Local Economic Development). There are innovative plans in place by the municipality to enhance the impact of

socio-economic development of mining in the community with other stakeholders. The insight of these officials about aspects of social and economic development has substance in it. Whilst the projects that are financed by the National Treasury, Phalaborwa Mining Company, Foskor, Department of Health and Social Development are properly and efficiently coordinated to benefit the communities, the major challenge they are faced with though, is the deployment policy of the government.

In Chapter One an introduction to the study outlined the nature and the effect of the mines on the environment and local communities. It also presented challenges facing the local municipality in responding to local mines and their impacts on local communities, natural resources and the environment. Chapter Two presented the supporting literature on the environmental management and the socio-economic impact caused by the mines to the local communities. It also looked at the concepts and theories underpinning the study.

In Chapter Three of the study an explanation of how the study was conducted including who was involved, what instruments of data collection were followed and procedural aspects of collecting data, were given. The findings of the study and the assessment of the role of local municipalities in addressing the socio-economic mining challenges were dealt with in Chapter Four.

Given the critical issues raised, the following recommendations are made:

- a.** Administration and management of mining industries in South Africa remains a crucial matter that is not being attended to. It is still a challenge to understand which sphere of government has an authority over the mines, besides policies and laws that are in place to give directives. It seems the central government has done rather little so far to alleviate these crises.
- b.** It is increasingly recognised that responses to mine activities and mine closure require much more proactive policies and programmes at all spheres of government. It requires the mining authorities, the municipality authorities and community leaders or structures to be actively and effectively involved in planning at all stages. For example, grants need to be provided to assist companies to increase their

productivity, or to change their production processes, or to diversify local economic activities. Therefore mines and municipalities cannot transform their economic base alone. It also requires the national government through the Department of Trade and Industries, the Department of Labour, the Department of Agriculture, as well as the Department of Public Works.

c. Based on the new requirement by the Department of Minerals and Energy that mines should compile its social responsibility plans, the governmental counterpart to this approach is the municipality's Integrated Developmental Plans that could identify threats and opportunities in the social and local economy development. The most challenging aspects are that out of 100 plans of projects, only 2 are implemented and successful. This problem is caused by poor monitoring and evaluation of the impact of all the projects that are implemented by both the municipality and the mines. For example, the Waterbog farming project by Phalaborwa Mining Company that is operational has its beneficiaries unknown to community members.

d. The South African local municipalities are also faced with major problems of inadequate capacity regarding staff, revenue, skills, political dichotomy, and organizational structure etcetera. as was the case with Ba-Phalaborwa Local Municipality. Private institutions such as mines take advantage of such situations, going alone and or exploiting the municipality and its community. In order to redress the imbalances of the past, government and the local municipalities should drive developments through available legislatives requirements and procedures for development, thereby strengthening their institutions by recruiting capable personnel.

e. Legal documents such as IDPs are simply plans and they are likely to remain dead documents unless stakeholders are committed and capable of implementing them. The local municipality has all powers to engage all stakeholders within its jurisdiction and the communities to shape social and economic development of its area. Partnership between the Local Municipality, Mining industries and other companies, including members of the communities should always be considered when drafting the IDPs. Proper consultation forms a key to the success of every project or programme directed towards specific beneficiaries regarding the development in their area. Therefore, after identifying needs analysis, effective

implementation programmes is necessary. Different contractors must be given opportunities to manage the projects so that quality is not compromised.

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Holly Allen.

## **ANNEXURE A PERMISSION LETTER**

TO: TO WHOM IT MAY CONCERN

FROM: KL PILUSA

DATE: 19/08/2009

SUBJECT: REQUEST FOR PERMISSION TO CONDUCT RESEARCH

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The matter above has reference:

Permission is hereby requested for student, K.L. Pilusa Student Number 200816783 from the Turfloop Graduate School of Leadership (TGSL), University of Limpopo, to conduct research in your department/municipality/mine.

The study entitled "Assessing the Role of Ba-Phalaborwa Local Municipality in Addressing Socio-economic Mining Challenges in Phalaborwa Community of Limpopo Province" the study is conducted as part of the requirements for a Masters degree in Public Administration.

The findings of the study will be made available on request, after completion, and if you have any queries please feel free to contact the researcher at 0828090257

Thank you

---

KL PILUSA

## **ANNEXURE B: INTERVIEW**

## **RESEARCH QUESTIONS**

## **1. PERSONAL INFORMATION OF THE RESPONDENTS**

NAME: .....

## 1. GENDER: .....

2. RACE: .....

.....

## **QUALIFICATION:**

## 5. DISABILITY:

## 6. YOUTH:

### 7. AGE:

## 2. RESEARCH QUESTIONS.

- ❖ For how long did you know about the mining operations in Phalaborwa?
  - ❖ What do you think caused the mines to retrench its employees in such a big number?
  - ❖ What was done when the local mines retrenched its employees?
  - ❖ Is there any training or skills development offered for those retrenched?
  - ❖ Is there any unemployment relief programmes put in place?
  - ❖ What is the unemployment rate of Phalaborwa?
  - ❖ Is there any community development project established by the local municipality?
  - ❖ Can the project sustain itself?
  - ❖ How does the community benefit from the project?

- ❖ What are the environmental challenges that you are experiencing in Phalaborwa?
- ❖ What is the social and economic status of the society?
- ❖ Are you aware of any strategic plans that are developed to address the social and economic challenges in Phalaborwa?
- ❖ Do you know of any partnership that exists amongst the mines, municipality and the community in Phalaborwa?
- ❖ How does this partnership enhance the social and economic development?
- ❖ How many community projects are implemented through these partnerships?
- ❖ Is there any monitoring instrument employed to measure the effectiveness of the projects to the community?
- ❖ What are the strategies employed by the chamber of mines to reduce unemployment?
- ❖ Generally comment on the socio-economic impact of the mines and how the challenges could be resolved?

## **ANNEXURE C: COVERING LETTER**

TO: PARTICIPANT

FROM: KL PILUSA

DATE: 19/08/2009

SUBJECT: RESEARCH INTERVIEWS

---

The matter above has reference:

Thank you for taking some of your time to participate in this research project about “Assessing the Role of Ba-Phalaborwa Local Municipality in Addressing Socio-economic Mining Challenges in Phalaborwa Community of Limpopo Province”.

I am conducting this study as part of the requirements for a Masters degree in Public Administration. Your valuable ideas and judgement are important as an employee of the mine/a farmer / municipality/department of health and social welfare/member of the community.

Feedback about the study will be treated confidentially and your identity will not be disclosed during the analysis. The information will only be used for the purpose of the research project.

The interview will take about 45 – 60 minutes of your time to complete. Should you have any clarity seeking questions, please feel free to contact me at 0828090257.

The findings of the study will be made available on request after completion.

Thank you

---

KL PILUSA

## ANNEXURE D: EDITORIAL LETTER

January 18, 2010

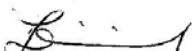
University of Limpopo, Turfloop Campus  
School of Languages and Communication  
(015) 268 3038  
E-mail: [mkutil@ul.ac.za](mailto:mkutil@ul.ac.za)

Director  
Turfloop Graduate School of Leadership

### LANGUAGE EDITING LETTER

This letter serves as proof that I edited the dissertation of Mr. Kgashane Lucas Pilusa entitled:  
**Assessing the Role of Ba-Phalaborwa Local Municipality in Addressing Socio-economic  
Mining Challenges in Phalaborwa Community of Limpopo Province.**

Sincerely



Dr. Lukas Mkuti

