

**Sustainable mining communities post mine  
closure: Critical reflection on roles and  
responsibilities of stakeholders towards  
local economic development in the City of  
Matlosana**

**by**

**Jacobus Johannes van Heerden**



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Supervisor: Ms J.I. (Anneke) Muller

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## Declaration

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## Abstract

The South African gold mining industry is in decline, with available ore bodies mostly depleted. With ever increasing costs and a depressed gold price, most mines are struggling to remain viable, with many having reached their peak and downscaling or preparing for closure. The consequences of mine closures on host communities, where mining is the main economic driver, are often devastating and traumatic. This study explores the role that mining companies and other role-players should play in the development of local economies in order to reduce the negative social impacts of future closures. Local economic development (LED) is often seen as the solution and assumes local and other actors will collaborate in crafting a future for the region or place. The City of Matlosana (Klerksdorp Gold Fields) is used as a case study. Various perspectives, including legal, economic, political, environmental, and social perspectives on the challenges the city face were obtained through the use of multiple methods, including surveys, interviews and observations, as well as content analysis of documents, meeting notes and feedback. Using the constant comparative method to analyse the data obtained, themes such as a lack in trust, poor communication and collaboration, poor institutional capacity, political interference and a lack in integrated planning emerged. The study shows that what presently is being done, will not be enough to make a meaningful impact on the economy post mine-closure. Five themes emerged illustrating the current status. Legislation such as the Mineral and Petroleum Resource Development Act is vague, causing different interpretations by different agents. Secondly the Department of Mineral Resources is not capacitated to discharge its legal responsibilities. Thirdly the municipality's Integrated Development Plan is poorly constructed with limited participation from key stakeholders and provides no guidance. Fourthly the political and technical leadership and skills to secure a future beyond mining in local government and private business is lacking. Lastly the city's infrastructure is old and will hamper the prospects of future development. In this broken environment the response from mining has been varied. In the absence of a regional closure plan, each mine contributes as it sees fit and the contribution thereof will probably not contribute to secure a life post mining. The study makes recommendations about improving the legislative framework and planning arrangements, and hopes to contribute to the knowledge base for all local actors to learn from.

## Opsomming

Die Suid-Afrikaanse goudmyn-industrie nader sy eindjare met beskikbare ertsliggame byna uitgeput. Met stygende kostes en 'n lae goudprys vind meeste myne dit moeilik om lewensvatbaar te bly. Die meeste myne het reeds hul piek bereik en skaal nou produksie af, of maak gereed om te sluit. Die gevolge van mynsluitings in gasheer gemeenskappe, waar mynbou die hoof dryfveer van die ekonomie is, is dikwels verwoestend en traumaties. Hierdie studie ondersoek die rol wat mynmaatskappye en ander plaaslike rolspelers behoort te speel in die ontwikkeling van die plaaslike ekonomie ten einde die negatiewe sosiale impak van verdere mynsluitings te versag. Plaaslike ekonomiese ontwikkeling berus in wese op die beginsel dat plaaslike en ander rolspelers sal saamwerk en sodoende 'n toekoms vir die streek of plek sal bewerkstellig. Matlosana Stad (Klerksdorp Goudvelde) word as 'n gevallestudie gebruik. 'n Veelvoud van perspektiewe insluitend wetgewend, ekonomies, polities, die omgewing en sosiale perspektiewe op die uitdagings wat die stad in die gesig staar, is bekom deur gebruik te maak van verskeie metodes, insluitend opnames, onderhoude en waarnemings, asook inhoudsanalise van dokumente, vergaderings-notas en terugvoering. Die konstante vergelykende metode is gebruik om die versamelde data te ontleed. Verskeie sleutel temas soos 'n gebrek aan vertroue, swak kommunikasie en samewerking, gebrekkige institusionele kapasiteit, politieke inmenging en 'n gebrek aan geïntegreerde beplanning het na vore gekom. Die studie bevind dat dit wat tans gedoen word, nie genoegsaam is om 'n betekenisvolle impak op die ekonomie na mynbou te bewerkstellig nie. Vyf temas het na vore gekom wat die status illustreer. Die Wet op die Ontwikkeling van Minerale en Petroleum Hulpbronne is vaag en lei tot verskillende interpretasies deur verskillende rolspelers. Tweedens beskik die Departement van Minerale Hulpbronne nie oor die kapasiteit om sy regspligte na te kom nie. Derdens is die geïntegreerde ontwikkelingsplan swak saamgestel met beperkte deelname van sleutel belangegroepes, en verskaf dit geen leiding nie. Vierdens is daar 'n gebrek aan politieke en tegniese leierskap en vaardighede om 'n volhoubare toekoms na mynbou te verseker by beide die plaaslike regering en die plaaslike sakewêreld. Laastens is die stad se infrastruktuur oud en sal dit verdere ontwikkeling strem. In hierdie gebroke omgewing is die respons van mynbou uiteenlopend. By gebrek aan 'n mynbou-sluitingsplan vir die streek, handel elke myn na goeddunke en die impak daarvan sal heel moontlik nie 'n bydrae lewer om die bestaan na mynbou te verseker nie. Die studie beveel aan dat die regsraamwerk en beplanningsmaatreëls verbeter word, en hoop om 'n bydrae te maak tot die kennisbasis vir plaaslike rolspelers om van te leer.

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## Table of Contents

Declaration .....	i
Abstract .....	ii
Opsomming .....	iii
Acknowledgements .....	iv
List of Acronyms and Abbreviations .....	x
List of Figures .....	xv
List of Photos .....	xvi
List of Tables .....	xvii
Chapter 1 – Introduction .....	1
1.1 Mining in Decline .....	1
1.2 Close to Home .....	2
1.3 Problem Statement .....	3
1.4 Research Aim and Objectives .....	4
1.5 Research Design, Methodology and Methods .....	5
1.6 Rationale for the Study .....	11
1.7 Delimitation of the Study .....	11
1.8 Chapter Outline .....	12
1.9 Conclusion .....	12
Chapter 2 - Mine Closures: Must we take notice? .....	14
2.1 Introduction .....	14
2.2 An Overview of the International and Local Experience .....	14
2.3 The Impact on Communities – Lessons from Abroad .....	17
2.4 Previous Research Done on Mine Closures and Mining Communities .....	18
2.5 Sustainable Development in Mining .....	24

2.5.1	Sustainable Development.....	24
2.5.2	A Social Licence to Operate .....	26
2.5.3	Corporate Social Responsibility (CSR) in Mining.....	29
2.6	Conclusion .....	30
Chapter 3 - Local Economic Development: A way Forward .....		31
3.1	Introduction .....	31
3.2	Local Economic Development: Understanding the Context .....	31
3.3	The New Economy.....	32
3.4	The Emergence of Local Economic Development .....	33
3.5	What is LED? .....	35
3.6	The Theory of Local Economic Development.....	36
3.7	LED in the South African Context.....	37
3.7.1	Historical Background.....	37
3.7.2	Approach to LED .....	38
3.7.3	Key Stakeholders .....	39
3.7.4	Local Economic Development and Sustainable Development.....	40
3.8	Conclusion .....	41
Chapter 4 - The Legal and Regulatory Framework .....		43
4.1	Introduction .....	43
4.2	The Constitution of the Republic of South Africa.....	43
4.3	National Legislation and Policies.....	43
4.3.1	Municipal System Act, 2000 .....	43
4.3.2	National Environmental Management Act, 1998.....	44
4.3.3	Minerals and Petroleum Resources Development Act, 2002 (MPRDA).....	46
4.3.4	Other Mining Related Policies .....	51
4.3.5	Policies and Frameworks Impacting LED Planning .....	51
4.3.6	Policy Environment Cripples Sustainable Development .....	57

4.4	Conclusion .....	58
Chapter 5 - Case Study: The Klerksdorp Gold Field .....		60
5.1	Introduction .....	60
5.2	Historical Perspective.....	61
5.3	Current Status and Planning .....	64
5.3.1	Change in Demography / Population .....	64
5.3.2	Social Change .....	66
5.3.3	Economic Review .....	69
5.4	Mining Companies .....	74
5.4.1	Village Main Reef .....	74
5.4.2	Shiva Uranium .....	79
5.4.3	China Africa Precious Metal (Pty) Ltd .....	83
5.4.4	AngloGold Ashanti (AGA) .....	84
5.4.5	Conclusion.....	89
Chapter 6 - Research Findings and Analysis .....		91
6.1	Introduction .....	91
6.2	Defining the Problem.....	91
6.2.1	The LED Challenge .....	91
6.2.2	The Need for Change .....	93
6.3	The Place .....	94
6.3.1	People .....	94
6.3.2	Views and Perceptions on External Conditions .....	97
6.4	The Local Actors .....	102
6.4.1	Mining.....	102
6.4.2	The Private Business Sector .....	110
6.4.3	City of Matlosana Local Municipality (CMLM) .....	113
6.4.4	Community .....	115



6.4.5	Department of Mineral Resources .....	117
6.4.6	Agencies / Partnerships.....	117
6.5	Moving Forward .....	118
6.5.1	It is Just Talk.....	118
6.5.2	Economic Strategy and Implementation .....	119
6.5.3	Structures .....	120
6.6	Key Enablers.....	121
6.6.1	Collaboration .....	122
6.6.2	The IDP Process and Effectiveness .....	123
6.6.3	Skills Development .....	125
6.6.4	Infrastructure Provision and Maintenance .....	126
6.6.5	SMME Development.....	127
6.6.6	Transformation of Procurement .....	129
6.7	Policy Framework Issues .....	129
6.7.1	Lacks Definition .....	129
6.7.2	Social Rehabilitation Fund .....	130
6.7.3	Communication.....	130
6.7.4	Mine Closure vs Liquidation.....	130
6.7.5	Regional Mine Closure Plans .....	131
6.8	Development Structures.....	131
6.8.1	The Dire Need .....	131
6.8.2	The Kind of Structure.....	133
6.9	Conclusion .....	133
Chapter 7 – Conclusions and Recommendations .....		141
7.1	Introduction .....	141
7.2	Mine Closures: Probability and Impact.....	141
7.2.1	Mine Closures Inevitable in Near Future.....	141

7.2.2	Impact of Future Mine Closures.....	141
7.3	Provincial Strategy, IDPs and SLPs .....	142
7.4	Key Failures Identified.....	142
7.5	Questions and Answers .....	143
7.5.1	Does the policy framework support sustainable development or does it need to be adapted? .....	143
7.5.2	With regard to the role of the local government, what is the quality of their Integrated Development Plan (IDP)? .....	144
7.5.3	Will this IDP and related sectorial plans and strategies contribute to bringing about a sustainable post mining economy?.....	144
7.5.4	To what extent have mining companies integrated their social labour plans with the IDP? .....	145
7.5.5	How healthy is the partnership between mining companies, private business, local government and the community?.....	145
7.5.6	Are these plans being implemented, by whom and will it still be the case post mining?.....	146
7.5.7	Are we doing the right things right? .....	146
7.6	Similarities Found to Studies Elsewhere .....	146
7.7	Recommendations .....	149
7.7.1	Trust and Planning Arrangements .....	149
7.7.2	DMR Capacity and Amendments to the Legal Framework.....	150
7.8	Conclusion .....	151
	References.....	152
	Appendices .....	163
	Appendix A – Question Guide for Interviews.....	164
	Appendix B – Survey Questions and Results.....	171

## List of Acronyms and Abbreviations

ABET	Adult Basic Education and Training
ACT	Agriculture, Culture and Tourism (NW economic strategy)
AGA	AngloGold Ashanti Limited
AGM	Annual General Meeting
AHI	Afrikaanse Handels Instituut
Amabhungane	M&G Centre for Investigative Journalism
ANC	African National Council
ASGISA	The Accelerated and Shared Growth Initiative
B-BBEE	Broad-Based Black Economic Empowerment
BGM	Buffelsfontein Gold Mine
BRICS	Brazil, Russia, India, China and South Africa
CAPM	China Africa Precious Metals (Pty) Ltd
CCA	Constant Comparative Analysis
CDS	Centre for Development Support
CEO	Chief Executive Officer
CIPRO	Companies and Intellectual Properties Registration Office
CMLM	City of Matlosana Local Municipality
COG	Co-operative governance
COO	Chief Operating Officer
COSATU	Congress of South African Trade Unions

CSR	Corporate Social Responsibility
DCoGTA	Department of Cooperative Governance and Traditional Affairs
DKKDM	Dr Kenneth Kaunda District Municipality
DMR	Department of Mineral Resources
DPLG	Department of Provincial and Local Government
DRDGOLD	DRDGOLD Limited prior to December 2004 known as Durban Roodepoort Deep Limited (Mining Company)
DSBD	Department of Small Business Development
DTI	Department of Trade and Industry
EDC	Enterprise Development Centre
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FEED	North West Department of Finance, Economy and Enterprise Development
GDP	Gross Domestic Product
GVA	Gross Value Add
HDI	Human Development Index
ICMM	International Council on Mining and Metals
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IIED	International Institute for Environment and Development
IIMM	International Institute of Minerals and Metals
IOL	Independent Online (newspaper)
IPAP	Industrial Policy Action Plan

ISP	Incubation Support Programme
JSE	Johannesburg Stock Exchange
KPMG	Klynveld Peat Marwick Goerdeler (accounting firm)
LED	Local Economic Development
M&G	Mail & Guardian (newspaper)
MEC	Member of Executive Council
MMC	Member of the Mayoral Committee
MMSD	Mining, Minerals and Sustainable Development
MPRDA	Minerals and Petroleum Resources Development Act 2002
MWS	Mine Waste Solutions (Pty) Ltd
N12	National route that connects Witbank, Johannesburg, Klerksdorp, Kimberly and ends in George. Due to the many mines along the route it is also referred to as the N12 Treasure Route.
NDP	National Development Plan
NEMA	National Environmental Management Act 107 of 1998
NEPAD	New Partnership for Africa's Development
NFSD	National Framework for Sustainable Development
NGO	Non-governmental Organisation
NGP	New Growth Path
NIPF	National Industrial Policy Framework
NPAT	Net Profit After Tax
NPC	National Planning Commission
NSDP	National Spatial Development Perspective
NSSD	National Strategy for Sustainable Development
NW	North West Province

NWU	North-West University
ORE	Oakbay Resources and Energy Limited (Mining Company)
PRASA	Passenger Rail Agency of South Africa
PwC	PricewaterhouseCoopers (accounting firm)
RIDS	Regional Industrial Development Strategy
RSA	Republic of South Africa
SA	South Africa
SABC	South African Broadcasting Corporation
SACCI	South African Chamber of Commerce and Industry
SACP	South African Communist Party
SALGA	South African Local Government Association
SAPA	South African Press Association
SAWIMA	South African Women in Mining Association
SD	Sustainable Development
SDF	Spatial Development Framework
SED	Socio-Economic Development
SEDA	Small Enterprise Development Agency
SENS	Stock Exchange News Service
SENWES	Agricultural business company
SETA	Skills Education Training Authority
SLP	Social and Labour Plan
SMME	Small, Medium and Micro Enterprise
SMS	Short Message Service
SPLUMA	Spatial Planning and Land Use Management Act
SVP	Senior Vice President

SWOT	Strengths Weaknesses Opportunities and Threats
Transnet	South African rail, port and pipeline company (State Owned)
USD	United States Dollar
Village	Village Main Reef (company)
VP	Vice President
VR	Vaal River (region)
WCED	World Commission on Environment and Development

## List of Figures

Figure 1: Research Strategy .....	8
Figure 2: Gold Production (kg) 1902 to 2013 .....	16
Figure 3: The classic concept of Sustainable Development - its trifocal spheres and the supporting "matrix" of good governance .....	25
Figure 4: Sustainable Development model proposed for the SA mining sector.....	26
Figure 5: Land use management as element of Integrated Development Planning (IDP) and how it relates to other strategic planning systems .....	48
Figure 6: Social and Labour Plan process flow .....	49
Figure 7: The Municipal area of Matlosana .....	60
Figure 8: Population and Household Growth, 1995 to 2010 .....	64
Figure 9: Age profile of the City of Matlosana (1996 to 2011) .....	65
Figure 10: Comparison of Gini-coefficient of racial groups in Matlosana in 1996, 2001 and 2011 .....	67
Figure 11: HDI comparison of racial groups in the City of Matlosana Municipality in 1996, 2001 and 2011 .....	68
Figure 12: Unemployment status of City of Matlosana (1996, 2001, and 2011 comparison) .....	69
Figure 13: Size of economy, 2010 (GVA at basic prices) .....	70
Figure 14: The contribution (%) of economic sectors to the economy, 2011 (real values, GVA) .....	70
Figure 15: Economic contribution per sector over time .....	71
Figure 16: Data Map.....	92
Figure 17: Hurdles in doing business .....	99
Figure 18: Ignorance is Bliss .....	151



## List of Photos

Photo 1: Tau Lekoa Mine .....	74
Photo 2: EDC office in Stilfontein .....	76
Photo 3: Renovations for EDC / Textile Hub in progress.....	76
Photo 4: Zama zamas looting Buffels Gold Mine in Stilfontein .....	78
Photo 5: SMS reply on request for Buffelsfontein's SLP .....	78
Photo 6: The Agricultural Project at Buffelsfontein Mine .....	79
Photo 7: Shade-net structure for the production of vegetables (1x hectare) .....	79
Photo 8: Beneficiaries busy with daily maintenance.....	79
Photo 9: Tigane agricultural project as per ORE website (2014).....	82
Photo 10: Tigane Brickmaking project as per ORE website (2014).....	82
Photo 11: Tigane agricultural project on 30 July 2015.....	82
Photo 12: Tigane brickmaking project on 30 July 2015.....	82
Photo 13: Semogare Cooperative an agricultural project supported by ORE.....	82
Photo 14: Harvest time at VR agricultural project.....	86
Photo 15: Cabbage and Spinach are some of the crops planted .....	86
Photo 16: Vegetable production in shade net structure with drip irrigation.....	86
Photo 17: Letsogo is a waste recycling company supported by AGA .....	88
Photo 18: Chris Sheppard, COO AGA, address the community in Vaal River .....	106

## List of Tables

Table 1: Public Meetings and Interviews Conducted.....	9
Table 2: Chapter outline of study .....	12
Table 3: SWOT analysis of research done in mining towns .....	20
Table 4: New and Old Economies .....	33
Table 5: LED definitions .....	35
Table 6: A reformulation of the components of LED.....	37
Table 7: Roles of spheres of government relating to LED .....	40
Table 8: Legislative and policy development in the post-apartheid era up to 2006 ..	52
Table 9: City of Matlosana economic growth in comparison to the Province and South Africa (constant 2005 figures, GVA) .....	72
Table 10: Tau Lekoa Mine performance summary .....	75
Table 11: Tau Lekoa Mine change in ownership since 2005.....	75
Table 12: SLP projects of Tau Lekoa Mine .....	75
Table 13: Change in ownership of BGM.....	77
Table 14: CSR projects listed on the ORE website .....	81
Table 15: CAPM SLP for 2015 - 2019 .....	84
Table 16: AGA Vaal River Operations production performance .....	85
Table 17: AGA Vaal River SLP projects completed (2010 - 2014) .....	85
Table 18: SLP projects not completed in the 2010 - 2014 period.....	87
Table 19: VR Operations SLP budget for 2015 – 2019 .....	87
Table 20: AGA Vaal River SLP projects 2015 - 2019.....	88
Table 21: Dependency of businesses on mining .....	98
Table 22: Comments made by survey participants on the economy and mining dependency .....	98
Table 23: Respondents view of the future .....	99

Table 24: Community awareness of mine communication .....	105
Table 25: Accessibility of mines to the community .....	107
Table 26: Impact of mine downscaling to date .....	110
Table 27: Adapting to a new economic environment.....	111
Table 28: Expectation of the future .....	111
Table 29: Confidence in the business chamber and forums.....	113
Table 30: Development Initiatives .....	117
Table 31: Respondents views of the IDP .....	125
Table 32: Respondents opinions on collaboration.....	132
Table 33: Comparison of findings from different case studies.....	146

## Chapter 1 – Introduction

*“It is not enough that we do our best; sometimes we must do what is required”  
Winston Churchill (Churchill, n.d.)*

### 1.1 Mining in Decline

The South African gold mining industry is more than 100 years old (Swart, 2003) and aging – the majority of mines that are still operational in South Africa are more than 50 years old (Fourie & Brent, 2006). Gold production over the last ten years (2003 to 2013) reduced by more than half (Chamber of Mines SA, 2013) as operators continue to go deeper and deeper to mine new reserves and with a cost base that keeps growing (PwC, 2015). Gold mines are under immense pressure given the low gold price during 2015 and it will remain the case while the spot gold price is below the average cost of production and required capital expenditure (PwC, 2015). The industry reported at the recent 2015 Mining Indaba in Cape Town that profitability of gold mines is weak and declining (Chamber of Mines SA, 2015). Mining Houses as a result are running out of capacity to absorb loss making operations (PwC, 2015) of which the closure of Buffelsfontein (May 2013) and Blyvoor (August 2013) mines are perhaps good examples in the more recent past (Prinsloo and Marais, 2014). Bernard Swanepoel, chairman of Village Main Reef recently said the following: “The gold industry is sitting with a terminal problem, and no one is giving us the right medicine. We need hospice care, but there are no hospices. Nobody wants to talk about death” (Prinsloo and Marais, 2014). Let us then talk about the death and closure of mines.

According to Prinsloo and Marais (2014) most South African gold mines will close over the next 25 years. In 2013 terms this means 131 591 employees will lose their jobs (Chamber of Mines SA, 2015). R24billion that was paid annually in salaries (Chamber of Mines SA, 2015) and spent mostly in the local economy (Ndaba, 2010) will be lost. The cost to the economy is huge if one furthermore considers that gold production contributes approximately 1,7% to the total Gross Domestic Product (GDP) (Chamber of Mines SA, 2015). The impact of mine closure on the economy is severe, but for those left behind in mining communities the impact is often traumatic

(Marais, 2013a). To fully grasp the impact one must understand that the local economy of many mining communities is often fully reliant on the mine with regards to income, salaries and services (World Bank, 2002). In third world countries, according to the World Bank, the situation is even worse. There is an over dependence on mineral resources and poor development of alternative economic activities (Odell, Scoble & Recharte Bullard, 2011; World Bank, 2002). Furthermore, the capacities of local communities and government to deal with development strategies that will provide alternative economic opportunities are often very low (World Bank, 2002). Good development initiatives are further compromised due to high levels of unemployment and corruption. Services provided to the community by the mines cannot be sustained after mine closure. Local municipalities are often not interested in taking over these services as they are not viable and or they don't have the capacity to do so (World Bank, 2002). All these factors contribute to the breakdown of these communities economically, emotionally and spiritually, and are often characterised by poverty, substance abuse, crime and violence (Marais, 2013a).

## **1.2 Close to Home**

Stilfontein is a small mining town in the North West Province of South Africa. In 2005 thousands of employees arrived for work at the mining company DRDGold Limited (DRDGold) (until 2004 known as Durban Roodepoort Deep Limited), only to find the gates locked and to be told the mine has been closed – DRDGold declared their North West Operations insolvent. The mine did not give any warning, nor did it provide any assistance to the destitute mining community. Churches and welfare organisations grouped together and provided food, clothes and other basic needs. Many employees lost their houses, vehicles and furniture due to the sudden loss in income.

The closure did not only affect the employees. Many small businesses that supplied goods and services to DRDGold lost a great deal of their regular business and were not paid for their last deliveries. DRDGold also stopped pumping water from their shafts. Apart from the potential ecological disaster, downstream mining companies were all of a sudden faced with a scenario where their operations could be flooded (AngloGold Ashanti, 2005). AngloGold Ashanti approached the courts to request that mining companies (DRDGOLD Limited, Buffelsfontein Gold Mines Limited,

Stilfontein Gold Mining Company Limited, Harmony Gold Mining Company Limited, Hartebeestfontein Gold Mining Company Limited) continue pumping water at their shafts and that the Minister of Water Affairs and Forestry and the Minister of Minerals and Energy issue directives to these companies to continue pumping and to put mitigating controls in place to prevent further pollution and degradation of the environment. As a result directives were issued by the Minister of Water Affairs and Forestry that the parties must continue pumping water and share the cost (AngloGold Ashanti, 2005). But, is this a case that the last man standing in a region will pick-up the rehabilitation cost?

Four years later in a small mining town, Orkney, approximately 20km south of Stilfontein, Pamodzi Gold is declared insolvent and Aurora Empowerment Systems is appointed by the liquidators to manage the assets. Due to extreme inaptitude 5 300 workers at all their operations lost their jobs. Five people have since committed suicide due to the situation they found themselves in (Mail & Guardian, 2012).

These two incidents affected me deeply and I asked myself how it is possible that this can be allowed to happen if South Africa apparently has some of the best and most modern legislation in the world (Rogerson, 2012). What is even of greater concern is that most of the mines in the Klerksdorp area, where I live and work, (and as a matter of fact in the rest of South Africa) are over 50 years old and past their prime (Fourie & Brent, 2006). This implies more closures can be expected. How prepared is the City of Matlosana (Klerksdorp and neighbouring towns) to absorb the negative social and economic impacts of mine downscaling? Using the City of Matlosana as a case study, the study aims to investigate the roles and responsibilities of local agents and stakeholders in crafting a future post mining.

### **1.3 Problem Statement**

The research discussed above has shown that internationally and in South Africa there is an overdependence on mining companies to sustain the local economy and the livelihoods of employees. Mining, especially gold mining, has a long history in South Africa and mine closures or downscaling of operations are not uncommon and will probably increase in times to come. Communities are more than often not prepared when mines close and fail to establish a sustainable post mine economy.

As was mentioned earlier, these factors contribute to the breakdown of these communities economically, emotionally and spiritually, and are often characterised by poverty, substance abuse, crime and violence (Marais, 2013a).

#### **1.4 Research Aim and Objectives**

With the study I hope to contribute to research relating to the roles and responsibilities of agents and stakeholders attempting to co-create a sustainable future in mining communities post mine closure. I hope the study will highlight the role of failures and the contributing factors that cause these failures to occur. Contributing factors may include: poor communication, lack in institutional capacity, process and legislative inadequacies, which are all aspects which will therefore be explored in this study.

In terms of the MPRDA, Mining companies in South Africa are compelled to contribute to the development of the host communities in partnership with the host community, local government and private business (Republic of South Africa (RSA), 2002). Given the disappointing outcomes of the research discussed earlier, my research questions are - within the boundaries of Matlosana:

- Does the policy framework support sustainable development or does it need to be adapted?
- With regard to the role of the local government, what is the quality of their integrated development plans (IDP)?
- To what extent have mining companies integrated their social labour plans with the IDP?
- How healthy is the partnership between mining companies, private business, local government and the community?
- Are these plans being implemented, by whom and will it still be the case post mining?

Local economic development by its very nature is a collaborative process that is dependent on local partnerships with support from national and regional structures (South African LED Network, 2013). The title refers to all the role players that make a contribution to local economic development, but for the purpose of this study the focus will be on local government, organised business and mining companies. The

process of local economic development is never ending; constant changes in technology, demographics, industry and nature don't allow for a stable status to be achieved (Leigh & Blakely, 2013). The study focus specifically on the contributions from mining companies and is limited to the scope of Social and Labour Plans as prescribed in the MPRDA.

The research will hopefully contribute to:

- Identifying possible best practices already employed by mining houses for others to learn from.
- Identifying development areas / challenges that needs to be address to ensure the desired outcomes are achieved.
- Stimulating debate and greater awareness of the consequences of mine closure in mining communities.
- Informing possible amendments to the current regulatory environment.
- Giving guidance to Local Governments, Mining Houses and Business with regards to future strategies.

### **1.5 Research Design, Methodology and Methods**

The research endeavours to gain an understanding of a particular community where the phenomenon of mine downscaling / mine closure is a reality, and what can be done to mitigate the negative impacts thereof. In order to gain a better understanding of the background to the research, a literature review was done primarily on three topics i.e. mine closure, local economic development, and relevant legislation and these topics are discussed in chapters three, four and five respectively . The literature review on mine closure aims to define the extent, context and relevance of the phenomenon of mine closures within South Africa First of all the chapter investigates whether or not the risk of mine closures is real or not. In order to answer the question the current status of the mining industry is firstly reviewed and secondly the social and economic impacts of mine closures on communities are evaluated. The second sub objective of the chapter is to research what lessons there are to be learned from the international experience on mine closures and to analyse the research done within the South African context. Lastly the chapter closes of with a discussion on sustainable development and the mining industry's response to sustainable development i.e. a social license to mine. The



chapter introduces topics such as Social and Labour Plans (SLP) and Corporate Social Responsibility (CSR) that in turn is linked to the Integrated Development Plans (IDP) of municipalities, with specific relevance to the Local Economic Development sections of the IDP. As such, in Chapter 3 the subject of Local Economic Development is introduced.

Local Economic Development has a long history and is an approach that targets a specific region or area and provides for local agents and stakeholders to take charge of their own futures. Globalisation and climate change are some of the major challenges that impact or should impact how these agents and stakeholders think about the future. Within the South African context this task is further complicated due to the legacies of apartheid that need to be addressed. Mining towns need to deal with these complexities, but at the same time anticipate the closure of one of the main drivers of the local economy. The aim of the chapter is therefore to obtain an understanding of the concept and the various forces that impact thereon. Furthermore the roles and responsibilities of the various stakeholders are researched. This chapter together with Chapter 4, the legislative and policy environment, provides the background against which stakeholders will be measured in terms of their roles and responsibilities.

The aim of Chapter 4 is to map out the relevant legislation pertaining to mining and local economic development in order to measure compliance by the stakeholders as discussed in the previous chapter. The chapter also deals with relevant government policies aimed at guiding the South African economy and that impacts local economic development.

The research followed a qualitative approach, within a constructivist paradigm. Social constructionism implies that there are multiple socially constructed realities and therefore many different views on any topic – none of which can claim to be absolutely right or absolutely wrong. The research, through engagement with the topic, builds or constructs the reality surrounding it. Due to the high degree of power imbalances i.e. political, economic and social, a constructivist paradigm is more likely to draw more active participation from participants – in other words with what ideas can they come up with (Laws, Harper & Marcus, 2003).

A case study methodology, similar to the type of design used in the research discussed above, is suggested. The appropriateness of this type of design is confirmed by Robert Yin (Yin, 2013) that defines a case study as follows:

*A case study is an empirical inquiry that (Yin, 2013):*

- *investigates a contemporary phenomenon in depth and within its real-life context, especially when*
- *the boundaries between phenomenon and context are not clearly evident*

Yin (2013) argues that case studies are appropriate when your research questions are of the “how” and “why” type; there is very little or no control over how events unfold and the case is dealing with a present day phenomena, as opposed to phenomena that only happened in the past. My research on mine closures (a contemporary phenomenon) within the City of Matlosana (a real-life context) meets these criteria and confirms a case study design as appropriate.

Various methods can be used to explore a case study and amongst other can include: Interviews, documents and ethnographic data (Charmaz, 2011). I used the following methods to gather data:

- Data collection from existing documents:
  - Policies and laws
  - Environmental and economic analyses
  - Spatial Development Frameworks, Strategies, Integrated Development plans and Sectoral Plans
  - Social and Labour Plans (SLP) and annual reports from mining companies

- Historic facts and figures.
- Interviews with:
  - Local government officials responsible for LED
  - SLP coordinators and implementers at mining companies
  - Economic Development Consultants
  - Town Planning Consultants
  - Business Chambers
  - Community Forums.

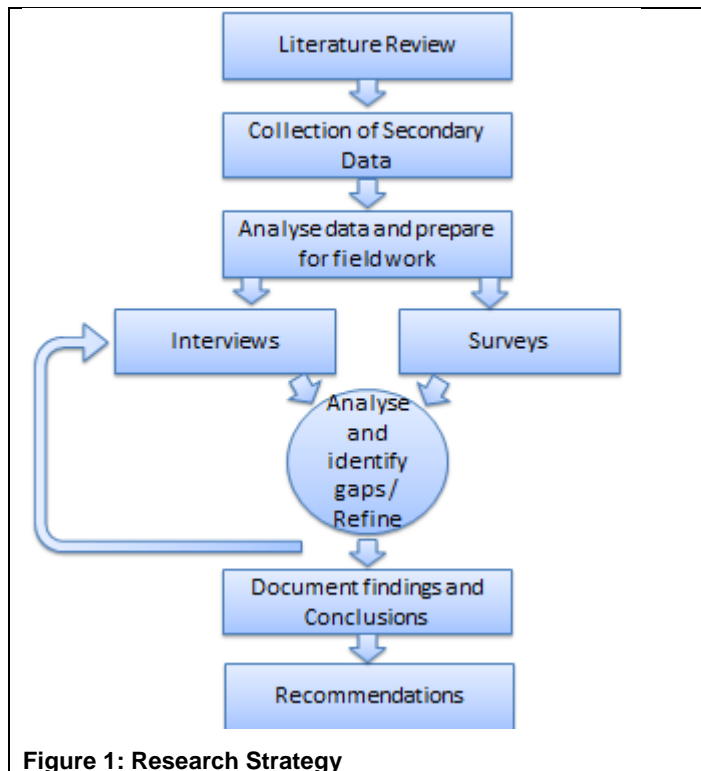


Figure 1: Research Strategy

- Surveys with questionnaires specifically developed for the purpose (see Appendix B).

I will employ Constant Comparative Analysis (CCA) as my method to analyse data collected. Through an iterative process, data is compared with the object of finding common threads or themes. These themes will be the back bone in the construction of the research analysis (Thomas, 2009). Figure 1 illustrates my research strategy.

The data that I collected is mainly based on 13 interviews that I conducted with actors in the local community. Where possible I have also attended public meetings that are relevant to the field of study and conducted site visits to some of the mining projects. Table 1 **Error! Reference source not found.** provides a detailed list of all the sources that I consulted and visited. The type of questions that interviewees were asked were mainly informed by the research done in similar research studies elsewhere and was open ended. Appendix A provides a list of questions that were used as a guide during interviews. All the interviewees gave permission to be identified.

Parallel to the interviews I also conducted a survey in the business community with the assistance of the three main business chambers in Matlosana. The survey was

conducted online using Survey Monkey, an online research platform. The survey was conducted over the week of 22 August 2015 to 29 August 2015. The survey is attached as Appendix B. It consists mainly of a mixture of multiple choice and rating scale questions, each with the option to expand or clarify the answer. Nineteen businesses participated in the survey. Three of these did not belong to any chamber or business organisation. The remainder were split between the three main organisations i.e. the Wesvaal Chamber of Business (7) that is affiliated to South African Chamber of Commerce and Industry (SACCI) and represented the more white owned and English speaking business community (for the past 117 years); the Matlosana Sakekamer (3) that is affiliated with AHI and traditionally represented the white owned and Afrikaans speaking community and lastly the Matlosana Development Forum (6), a relatively young organisation representing mostly black owned businesses.

**Table 1: Public Meetings and Interviews Conducted**

<b>UNIQUE ID</b>	<b>INTERVIEWEE / GATHERING</b>	<b>ORGANISATION</b>	<b>RELEVANCE</b>	<b>DATE AND TIME</b>	<b>PLACE</b>
PUB001	COO Community Briefing	AngloGold Ashanti	Interaction of mining company with community	30 May 2013 @ 13:00 Duration: 02:00	Matlosana Ballroom Hall, Civic Centre Klerksdorp
PUB002	Stilfontein Economic Regeneration Meeting	Facilitated by CMLM LED	The town is in economic decline due to mine closures	14 July 2015 @ 10:30 Duration: 1:25	Stilfontein community hall
PUB003	COO Community Briefing	AngloGold Ashanti	Interaction of mining company with community	20 July 2015 @ 08:30 Duration: 1:27	Village Square, Vaal Reef
PUB004	Kabi / Buffels Solar Project – EIA Focus Group Meeting	Savannah Environmental	Major project that will be built on mine property	28 July 2015 @ 11:00 Duration: 1:06	Stilfontein community hall
PUB005	Wesvaal Chamber of Business Annual General Meeting	Wesvaal Chamber of Business	Chamber activities and AGA deliver key note speech	28 July 2015 @ 18:00 Duration: 1:20	Ann Villa Guest Lodge, Klerksdorp
PUB006	Business meets Premier (Setsokotsana)	Wesvaal Chamber of Business / NW Government	Service delivery issues that prevent development	19 August 2015 @ 17:07 Duration: 02:43	Ngwenya Hotel, Stilfontein
INT001	Charl Grobler CEO	MAXIM Planning	Development from a town planning view	20 July 2015 @	Maxim Office, Klerksdorp

UNIQUE ID	INTERVIEWEE / GATHERING	ORGANISATION	RELEVANCE	DATE AND TIME	PLACE
		Solutions		14:30 Duration: 1:20	
INT002	Johan Oosthuizen President	Matlosana Sakekamer	Development from the view of organised business – traditional white Afrikaans speaking. Affiliated to AHI	22 July 2015 @ 09:40 Duration: 1:20	De Kock Attorneys, Klerksdorp
INT003	Skake Thamae Entrepreneur	Progressive Women Cooperative	Local entrepreneur in Khuma with extensive knowledge of the community and the local mines	23 July 2015 @ 9:44 Duration: 2:11	Mikes Kitchen, Klerksdorp
INT004	Gloria Sekhobela & Lucy Ngwabeni Chair person	South African Women In Mining - Matlosana	Development from the view of organised business – emerging and mining focused perspective	24 July 2015 @ 10:17 Duration: 01:45	Mikes Kitchen, Klerksdorp
INT005	Beatrix Bouwman Dir Community Engagement	North-West University	Innovation and Development	24 July 2015 @ 14:00 Duration: 1:20	NWU: Potchefstroom
INT006	Ben Mosala President	Wesvaal Chamber of Business	Development from the view of organised business – traditional white English speaking. Affiliated to SACCI	27 Jul 2015 @ 08:55 Duration: 1:11	Kopano Bricks Stilfontein
INT007	Abia Mataboge SLP Coordinator	Tau Lekoa Mine	Mining Perspective	27 Jul 2015 @ 12:21 Duration: 1:23	Tau Lekoa Mine, Orkney
INT008	Vusi Moyakhe Secretary	Matlosana Development Forum	Development from organised business perspective – emerging black business	27 Jul 2015 @ 16:24 Duration: 1:24	Mikes Kitchen, Klerksdorp
INT009	Dan Modupi SLP Coordinator	CAPM	Mining Perspective	31 July 2015 @ 11:00 Duration: 0:54	No 7#, CAPM
INT010	Casper Minnaar COO and Business Consultant	Dynamic	Understand and know the local economics and role players very well.	31 July 2015 @ 11:00 Duration: 1:08	Spur Steakhouse, Flamwood
INT011	Naomi Chair person	Semogare Cooperative	Understand the involvement of mines in projects	6 August 2015 @ 13:43 Duration: 00:15	Shivas-Uranium Property in the Vicinity of Hartebeesfontein
INT012	AK Khuzwayo	Private	Get development	20 August	Committee

UNIQUE ID	INTERVIEWEE / GATHERING	ORGANISATION	RELEVANCE	DATE AND TIME	PLACE
	Deputy Director Macro City Planning and Development	Capacity	perspective for local municipality	2015 @ 14:00 Duration: 01:09	Room, Klerksdorp Municipal Offices
INT013	Brian Langenegger	Umtali Investment Solutions	Service provider for SMME development and agricultural community development	13 October 2015 @ 11:32 duration 01:18	AGA Offices

## 1.6 Rationale for the Study

The Klerksdorp Goldfield is used as a case study as it was considered by Nel and Binns (2002) as one of two areas that has been the hardest hit by mine closures in South Africa (the other being Welkom in the Free State). In the late 1800s it had more than 150 registered mining companies and syndicates. In 1888 Klerksdorp even had its own Stock Exchange. Almost a hundred years later there were 10 prominent mines active in the area which contributed 16% of the total gold production in the country. Today there are only three active companies i.e. AngloGold Ashanti, Village Main Reef and Oakbay Resources and Energy. China Africa Precious Metals (Pty) Ltd (CAPM) recently restarted the mines that previously belonged to Aurora Empowerment Systems, but they are not in production yet. As was mentioned earlier, the responses of these companies with regards to local economic development within the context of the Mining Charter, and the so called Social License to mine, was reviewed. The study acknowledge the progress made to date, but also seek to constructively critique, by identifying possible areas of improvement and highlighting opportunities to explore.

## 1.7 Delimitation of the Study

The geographic scope of the project was limited to the municipal boundaries of the City of Matlosane (CMLM) and includes the townships in and around Klerksdorp, Orkney, Stilfontein and Hartebeesfontein.

The research was limited to the three most prominent mines in the area i.e. AngloGold Ashanti, Village Main Reef and Oakbay Resources and Energy. It will therefore exclude diamond diggings, Stone Crushers, Clay Pits and dormant gold mines in the area. Other stakeholders that form part of the research are the local

government, Klerksdorp town planners, Economic Development Consultants, Department of Mineral Resources (DMR), Business Chambers and the Community Forums.

## 1.8 Chapter Outline

The chapter outline of the study is depicted in the Table 2 below:

**Table 2: Chapter outline of study**

<b>Chapter</b>	<b>Brief Description</b>
<b>1</b>	Chapter 1 introduces the topic and provides an overview of the research done to date. It also introduces the concepts of sustainable development, social licenses and Corporate Social Responsibility (CSR). It furthermore defines the problem and sets the aims and objectives of the research. It continues with an explanation of the research approach, methodology and structure.
<b>2</b>	Chapter 2 gives a literature overview on mine closure.
<b>3</b>	This chapter gives a theoretical overview of local economic development.
<b>4</b>	The chapter explores the legal and policy environment applicable to mine closures and LED in South Africa.
<b>5</b>	Chapter 5 introduces the Klerksdorp area as a case study. The history of Klerksdorp, the demographics, and economic and socio-economic indicators of the area are discussed. It also gives an overview of the prominent mining companies in the area.
<b>6</b>	The chapter provides an in depth discussion on the analysis and findings of the research data.
<b>7</b>	This is the last chapter and discuss the conclusions and recommendations of the research.

## 1.9 Conclusion

The evidence presented in this chapter clearly shows that mining, and in particular gold mining, is declining and that more mine closures can be expected in the next 25 years. This decline can be attributed to the depletion of non-renewable mineral resources, low commodity prices and escalating operating costs. The research shows that mine closures have severe impacts on the environment, communities

and the economy and more research is required to better understand the phenomenon of mine closure in order to be more effective in mitigating the impacts.



## Chapter 2 - Mine Closures: Must we take notice?

### 2.1 Introduction

The following section explores the current status of the gold mining industry in South Africa, in an effort to demonstrate that there is indeed reason for concern and that it merits further research. A broad outline of the research already done on this topic will also be discussed. The chapter furthermore provides a brief overview of sustainable development and the institutional responses from the mining industry in terms of the social license to mine. The sub objective of this chapter is threefold: firstly it is to understand if the threat of mine closure within the South African context is significant or not; secondly to evaluate what lessons there are to be learned from the international experience on mine closures and to analyse the research done within the South African context. Lastly the chapter closes with a discussion on sustainable development and the mining industry's response to sustainable development i.e. a social license to mine.

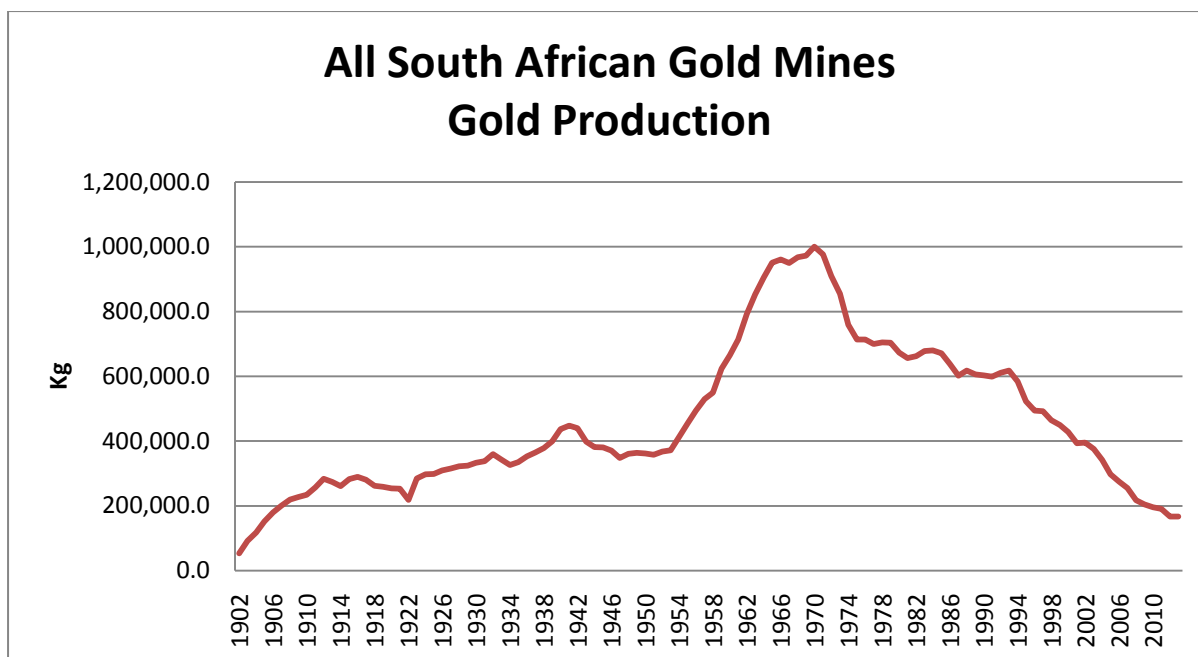
The chapter introduces topics such as Social and Labour Plans (SLP) and Corporate Social Responsibility (CSR) that in turn are linked to the Integrated Development Plans (IDP) of municipalities with specific relevance to the Local Economic Development sections of the IDP.

### 2.2 An Overview of the International and Local Experience

If one takes a step back in time, one will see that during the Industrial Revolution coal was in high demand. It is therefore not surprising that coal mining played a central role in the Western economies. As years passed by, resources depleted, the cost of labour increased, labour conflict increased, economies of scale dropped, and competition from other fuel sources increased. Furthermore, the price of coal came under pressure due to cheaper coal from third world countries (CDS, 2006). These factors all contributed to the downscaling of mining activities in the 1960s, 1970s and 1980s with disastrous consequences for many parts of the developed world (Nel & Binns, 2002). The causes and impacts - including large scale job losses associated with mine closures - is well documented according to Nel and Binns (2002). These impacts were felt in the "Ruhr in Germany, Appalachia in the USA, Wallonia in Belgium, Liguria in Italy, Lorraine in France and the manufacturing belts in the

Midlands, the north-west and the north-east of the UK” (Nel & Binns, 2002). Camagni (as cited in Nel & Binns, 2002) reports that these regions became uncompetitive and some industrial sectors were wiped out.

The World Bank (2002) reports that over the same period, the developing world experienced growth in investments in the mining sector. The economic life spans for many of these mines are now nearing a close and a number of closures are expected in the near future. This scenario is equally apt for what is happening in South Africa. For approximately a hundred years from 1880 to 1980, South Africa has been one of the biggest gold producers and sellers worldwide. Nearly 66% of the Western World’s gold was mined by South Africa by 1960 (Nel & Binns, 2002). It laid the platform to attract new investments during 1960s, 1970s and 1980s to build massive state of the art mines (World Bank, 2002). These mines were designed to be labour intensive to gain maximum benefit from the cheap black labour made possible by the apartheid policies in South African (Robbins, 1991). Migrant labour was attracted from labour-sending areas across Southern Africa and stayed in poor living conditions in single sex hostels (Marais, 2013b). These factors, together with the high gold price, subsidised the apartheid regime and funded industrial infrastructure at scale to bring about a diversified industrial economy (Nel & Binns, 2002). Parallel to the growth of gold mines towns and cities developed and resulted in the development of a very lopsided spatial economy (Nel & Binns, 2002). Gold mining in South Africa has however reached its peak (see Figure 2 below). This graph is typical of single resource economies where production remains bound to the laws of supply and demand (Nel & Binns, 2002).



**Figure 2: Gold Production (kg) 1902 to 2013 (Source: Chamber of Mines SA, 2015)**

Since 1990 production dropped by 72% from 602 999kg to 167 016kg in 2013 (Chamber of Mines SA, 2013). Employment over the same period dropped from 470 000 (Harington, McGlashan & Chelkowska, 2004) to 131 591 employees in 2013 (Chamber of Mines SA, 2015) – a total of 338 409 jobs lost. A number of factors contributed to the decline in production. These include a lower gold price, increased mechanisation, the physical depletion of ore reserves (CDS, 2006), a lack in foreign investment (Harington, McGlashan & Chelkowska, 2004) and escalating production cost (Williams, 2015). One may argue that the poor exchange rate during 2015 may alleviate some of the stress brought on by the low gold price in United States Dollar (USD) terms, but, according to Williams (2015), the weak Rand will ultimately drive inflation higher and tends to level out any possible benefit. Higher inflation also means higher cost of living and will strengthen union demands for higher wages at the upcoming wage negotiations (Williams, 2015). The question then is: Is this another cycle and can we expect an upswing in gold production in time to come? According to Durden (2012) there were no major new gold reef discoveries worldwide in the past 20 years. Existing resources are very deep, making it very expensive to mine and, from a safety point of view, very high risk (Durden, 2012). It is the view of commentators that there is no stop to the current downward cycle in gold production (Durden, 2012; Williams, 2015). Having stayed in a mine community for the best part of 27 years, it is my personal observation that this reality has not yet

been acknowledged by the average person in the street. Often one will hear: “I have been here many times before – things will look up again in the days to come”.

### **2.3 The Impact on Communities – Lessons from Abroad**

As was alluded to earlier, mine closure is not a new phenomenon and also not unique to South Africa. We can therefore learn from past experiences.

Characteristically when mines enter the last phase of their life cycle production and expenditure starts to decline, organisational restructuring (or right sizing) takes place, capital investments are reallocated, and the active management of matters concerning housing, municipal and public services is curtailed (Bradbury & St-Martin, 1983). In single-industry towns where the majority of the workers were employed in one industry, it happened that the entire town was abandoned (Marais, 2013a).

The consequences for the community are many, but based on existing literature Marais (2013b) highlights seven of the more prominent consequences of mine down scaling or closure.

Firstly Marais (2013b) reports that there is a strong association with unrest, conflict and disruption in mining villages in the period leading up to mine closure. The underlying reasons for this phenomenon can amongst other be traced to the following:

- the breakdown of social relationships and social institutions such as sport clubs, faith based organisations and recreation and other cultural groupings (Marais, 2013b);
- People start to experience a feeling that they don't belong anymore - home is not home anymore; depression, substance abuse and alcoholism and an escalation in crime are noted (Marais, 2013b)
- People are retrenched and unemployment increases causing competition for secure jobs (Marais, 2013b)

Secondly Marais (2013b) reports that the impact of mine downscaling / closure may be experienced differently by mining communities due to factors such as age, health and skills level of the population.

In the third place instability increases due to fact that employees enjoyed a number of benefits that was subsidised by the mine and that they now must pay for, contributing to a down grading in their standard of living. To make matters

worse, these services are often not economically viable and the local government is therefore not interested in taking it over. Where they are required to take it over by law, it will remain a burden (Marais, 2013b). Local government often “inherits” infrastructure due to mine closure that they are unable to manage (World Bank, 2002). These sites often end up as derelict sites and have a negative impact on property values in the area (Marais, 2013a).

In the fourth place mining has very negative environmental impacts and affects communities for decades after closure. These include river systems, water quality - surface and underground; air pollution caused by dust and abandoned land (Marais, 2013a).

Fifthly, Marais (2013a) also reports that mine closure not only affect mine infrastructure but also telecommunication, schools and hospitals as these were often established for the communities by the mine. It is very common for mines to provide housing accommodation and when the mine closes, this benefit is lost (Marais, 2013a).

Sixthly, it is noted that communities after years and years of dependence on the mining company to provide, has left its entrepreneurial ability underdeveloped. Those with the entrepreneurial flair and resourcefulness to lead communities into a new direction are often the first to leave after finding employment elsewhere (Marais, 2013a). The last factor that impacts instability and decline in the community is brought on by the fact that mining companies relocate capital investment to other projects. The current machinery and infrastructure are often not maintained to maximise profits for use in other projects (Marais, 2013a).

#### **2.4 Previous Research Done on Mine Closures and Mining Communities**

The question is then how to mitigate these impacts. What South Africa experienced the past 20 years with regards to mine closures is very much aligned with the international experience (CDS, 2006). According to Blackaby (1979) many first world countries went through mine closures since the 1960's. Deindustrialisation has also grabbed the attention of researchers of local economic development in single-resource towns (Barnes & Hayter, 1994). Apart from a few exceptions, research in South Africa on communities where mines have closed or are scaling down is limited (CDS, 2006; Rogerson, 2012) . For this study I drew inspiration from

the following research studies that used a mining town as a case study i.e. Welkom / Matjhabeng, Koffiefontein and Rustenburg:

- Decline and response in South Africa's Free State goldfields: Local economic development in Matjhabeng (Nel & Binns, 2002)
- Resource policy and mine closure in South Africa: The case of the Free State Goldfields (Marais, 2013b)
- Towards a post-mining economy in a small town: Challenges, obstacles and lessons from South Africa (CDS, 2006)
- Mining and local economic development: a case study of the Rustenburg local municipality (Ndaba, 2010).

The research done by Rogerson (2012) on partnerships and local economic development also influenced my decision on what to research. I will discuss the main findings of these researchers briefly in the paragraphs below and then summarise the findings in a Strengths, Weaknesses, Opportunities and Threats (SWOT) table.

In 2002 the Mineral and Petroleum Resources Development Act (MPRDA) was promulgated. This Act redefined the rights and responsibilities of mining houses in South Africa and it seeks to “balance the mining industry's ability for creating wealth from natural mineral resources with the environmental and social needs of society” (Cawood, 2004). Rogerson was one of the first to evaluate the impact of the Act with regards to partnerships mandated to stimulate local economic development (LED) in mining communities (Marais, 2013b). He concluded that in spite of very clear mandates the level of collaboration between government and the mining sector is inadequate to reach the desired LED, human skills development and infrastructure provision goals (Rogerson, 2012). Rogerson suggested that further research at a local level is required to get a good understanding of the underlying reasons for the poor outcomes (Rogerson, 2012).

Local Economic Development in Matjhabeng – the heartland of the Free State goldfields – was the topic of research by Nel and Binns (2002) a couple of years earlier. They focussed on the initiatives to counter the impacts of mine downscaling in the Free State.

Marais (2013b) also researched mine downscaling in the Free State Goldfields – the Matjhabeng / Welkom area – and against the backdrop of the Mineral and Petroleum Resources Development Act of 2002, evaluated the counter measures taken to minimise the negative impacts on the local economy. Marais (2013b) reports that the Integrated Development Planning (IDP) process failed to deliver the desired results – despite much improved legislation.

Ndaba (2010) researched mining and sustainable Local Economic Development and used Rustenburg as a case study. He concluded that a regional Local Economic Development strategy could not be formalised due to poor cooperation from stakeholders and low local government capacity.

In an effort to provide more focus in the planning of my own research, I used a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis to group the main findings of the research mentioned above. The community in its broadest sense is at the centre of the analysis and includes the government (national and local), as well as business – inclusive of mining houses, social groupings and local residents. The strengths and weaknesses speak to internal issues within the community whereas opportunities and threats are outside the direct control of the community. The analysis is presented in Table 3 below.

**Table 3: SWOT analysis of research done in mining towns**

<b>SWOT</b>	<b>Topic</b>	<b>Evidence</b>
Strengths	Spending Power	Revenue and local spend from mines and worker salaries can be used to diversify the economy (Ndaba, 2010)
Weakness	National Strategies and Funding	Internationally a national strategy and funding for reindustrialisation is common place, not the exception. South Africa does not have a national strategy that deals with mine closure (Marais, 2013b).
		Mine closures must be put higher up the national government's agenda. It is senseless to expect local government must deal with this matter often at a time

SWOT	Topic	Evidence
		<p>when their own rates base has been eroded. Grant funding should be provided to local business to increase their productivity, realign their production lines and to diversify the economy. The following departments can play key roles in the planning for closure:</p> <p>The Department of Trade and Industry  The Department of Agriculture  The Department of Labour  The Department of Public Works  (CDS, 2006)</p>
	Vision	Stakeholders do not have a common vision (Marais, 2013a)
	Commitment	Local Government has a half-hearted approach to LED initiatives (Nel & Binns, 2002)
	Implementation	IDPs are drafted but are often not implemented either due to a lack in commitment or capacity of stakeholders (CDS, 2006)
	Impact	Although there have been successes the effort however did not commensurate with the number of jobs lost and the other negative impacts on the economy (Nel & Binns, 2002).
		Marais describe the results as disappointing (Marais, 2013a).
	Provincial and National Government	Substantial government funding and active participation from private business and mining companies in local economic development initiatives should be enhanced (Nel & Binns, 2002).
		Local government and Mining Companies cannot address the impacts of mine downscaling alone and assistance from Provincial and National Government is essential (Marais, 2013b)



SWOT	Topic	Evidence
		It would seem central government has no interest to get involved with the crises of mine closure. In the Free State Gold Fields, Provincial Government stood by idle in the midst of the crises (CSD, 2006).
	Integrated Development Plans	In the absence of clear guidelines of what are acceptable projects and what not, projects are evaluated on a project by project basis. This does not support the principles of integrated planning and creates confusion as what may be acceptable today may not be tomorrow. As a consequence it also led to infrastructure development being over emphasised (Marais, 2013b).
		The quality of IDP plans are poor and few make a meaningful contribution to local economic development (CSD, 2006).
		Marais describe IDPs and SLPs as “wish lists” (Marais, 2013a).
	Planning Process	... a planning approach that assumes growth and not decline (Marais, 2013b).
		Planning should start at the onset of the mining project.(CDS, 2006; Marais, 2013b) In the case of the Free State Goldfields planning started 40 years after the project started and this not good enough (Marais, 2013b).
	Public Participation	The public participation process that is the cornerstone of the IDPs is deficient (CDS, 2006).
	Local Governance	Matjhabeng: dysfunctional local governance characterised by political infighting and interference with non-governmental agencies to execute their mandate (Marais, 2013b).
		Lack in capacity in terms of number of staff, skills, funding, poor organisation structures and a turbulent

SWOT	Topic	Evidence
		political environment (CDS, 2006; Ndaba, 2010).
		In some cases there is no alignment between the district and the local government relating to economic development priorities. This makes constructive engagement with these authorities very difficult. (CDS, 2006).
	Partnerships and Trust	A total lack in trust in mining companies due to amongst other frequent changes in ownership (Marais, 2013b).
		Trust is central to a partnership concerned with local economic development, integrated development planning, infrastructure delivery and human resource development (Rogerson, 2012).
		The Rustenburg Municipality is unable to get cooperation from its stakeholders to assist in the process to formulate a proper LED strategy for the region and as a result mining companies do what they think best in the circumstances (Ndaba, 2010).
	Legislation	<p>Marais highlights the following (Marais, 2013b):</p> <ul style="list-style-type: none"> <li>• Partnerships are not dealt with in the act or regulations.</li> <li>• The need to establish a sustainable economy after life of mine is not emphasised enough.</li> <li>• Funding guarantees are essential to ensure an economy after life of mine.</li> <li>• Clear guidelines for project selection are required to understand what projects are acceptable and what not.</li> </ul>

SWOT	Topic	Evidence
Opportunity	Diversification of the economy	Targeted sector development, say for example tourism, is essential in order to create jobs and to diversify the economy. Private business and mining companies should take the lead in this regard.(Nel & Binns, 2002).
	Learning from International Experience	What happened in Matjhabeng is not unique to the city and is similar to what occurred in mining towns in the rest of the world. (Nel & Binns, 2002).
	Implementation	There is a need for an institutional mechanism that is capacitated to drive the economic development initiatives post closure. It will require exceptional effort to coordinate between local initiatives and key stakeholders i.e. mining houses, local, provincial and national departments and forums (CDS, 2006).
	IDP Process	It has the potential to create an inclusive agenda where various stakeholders can discuss programmes and matters concerning economic development, and where they can put priorities to these. This may be a new experience to some (CDS, 2006).
Threat	Mine Closure	The local economy is overly dependent on mining (Ndaba, 2010).

## 2.5 Sustainable Development in Mining

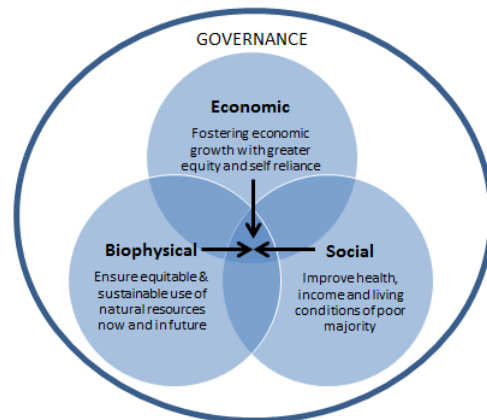
### 2.5.1 Sustainable Development

Sustainability and Sustainable Development (SD) mean different things to different people and this causes the debate to stagnate and even contribute to more confusion. Mebratu (1998) collected and discussed various definitions of SD in an effort to develop a body of knowledge on the subject. Going back into history he shows that ecological factors impacted on early civilizations and cannot be viewed as a modern day problem alone. He highlights that most religions and traditional

beliefs have in common a shared belief to live in a caring and loving way with nature and one another, which forms the foundation for “sustainability” (Mebratu, 1998).

According to Mebratu (1998) the report, *Our Common Future*, from the World Commission on Environment and Development (WCED), gave the first definition to the concept of sustainable development and is considered the beginning of the modern day debate.

The classic view of sustainable development is illustrated in Figure 3. It can be viewed as a process that endeavours to find a dynamic balance between people, planet and prosperity through (DMR, 2009):



**Figure 3: The classic concept of Sustainable Development - its trifocal spheres and the supporting "matrix" of good governance (DMR, 2009)**

- The responsible use and protection of the physical and natural environment
- Economic systems that are ethical, equitable and viable and
- Social and cultural systems that are value-based and seek to improve health, income and living conditions of the poor.

The WCED definition reads as follows (Mebratu, 1998):

*Sustainable development is development that meets the needs of present generations without compromising the ability of future generations to meet their needs*

The South African government seems to have moved away from the classical concept and it seems to favour the so called “nested egg” model that is a systems approached to sustainability (Morrison-Saunders & Retief, 2012).

The model is described in the National Framework for Sustainable Development (NFSD) (Morrison-Saunders & Retief, 2012), as well as in the National Strategy for Sustainable Development (NSSD) that followed on the NFSD. It was also proposed

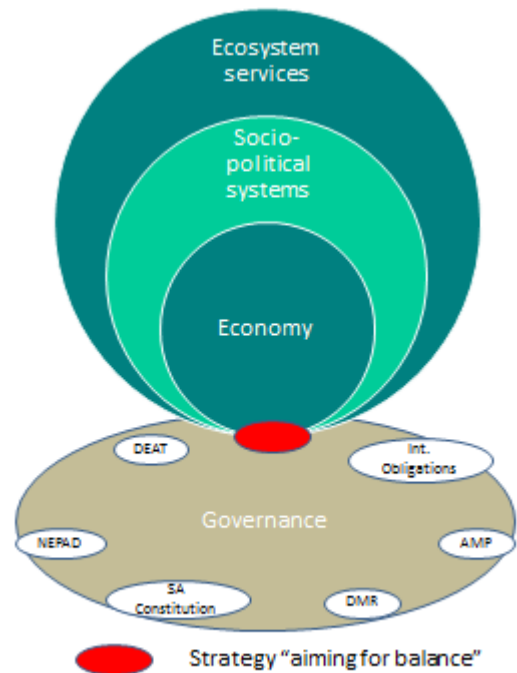
in the discussion document: *A Strategic Framework for Implementing Sustainable Development in the South African Minerals Sector* that was published by the DMR (2009). As can be seen in Figure 4

**Error! Reference source not found.** the economy is seen as a subset to the socio-political systems. The latter is again dependent on eco-system services. It is the function of good governance to integrate the three dimensions of sustainability (Morrison-Saunders & Retief, 2012). There is strong support for this model (Gibson, 2006; Mining, Minerals and Sustainable Development (MMSD) North America, 2002; Morrison-Saunders & Retief, 2012). The

model is a move away from thinking in terms of a “trade-offs” between social and environmental dimensions. There will always be small trade-offs, but at a macro scale it is unsustainable to improve one dimension at the cost of the other. True sustainability is achieved when human and environmental wellbeing is maintained and improved on, over the long term (MMSD, 2002). The reality, of course, in many developing countries is that hunger, poverty, and health issues are the main drivers of development. The desperate need for food, clothing, housing and health care by the current generation vastly overshadows the needs of a future generation. The transformation to sustainability can and will cause tension if it is not handled with care and sensitivity (MMSD, 2002).

### 2.5.2 A Social Licence to Operate

The discussion thus far highlighted that mine closures are a reality, with sometimes devastating effects on the environment and the communities where closures occur. In South Africa, the gold mining industry in particular is old and is showing a sharp decline in production. More mine closures are therefore unavoidable. These events put mine closures at the centre of the sustainable development debate.



**Figure 4: Sustainable Development model proposed for the SA mining sector (DMR, 2009)**

A research report, *Breaking New Ground: Mining, Minerals and Sustainable Development*, by the International Institute for Environment and Development (IIED, 2002), was initiated by the mining industry in 2000, and describes the challenges that the mining and minerals industry face, as difficult. The industry has lost the trust of those people it deals with on a daily basis. It states that in many parts of the world, host communities and stakeholders are not convinced that the mining companies have done enough to claim “a social license to operate” based on the many expectations of the potential contribution to development and wellbeing from mining companies (IIED, 2002). At the time the industry was under pressure from a number of external stakeholders (Owen & Kemp, 2013), hence the decision by nine big mining companies to commission the IIED to research the contribution of the mining industry to sustainable development and how that contribution can be enhanced. The research and consultations for the IIED study were done independently over a two year period and the study is referred to as the Mining, Minerals and Sustainable Development (MMSD) project (IIED, 2002). Owen and Kemp (2013) describe the project as an attempt by the mining industry to bridge the gap between stakeholder expectations and the way miners conduct business. It brought to the fore a fresh look at how miners conduct business and their contribution to development (Owen & Kemp, 2013:29). Historically the main economic driver for mine construction was primarily based on commodity prices. Now we see a new variable entering the equation, namely: “development acceptance by all stakeholders affected” (Nelsen, 2007).

In the recent publication of the International Institute of Minerals and Metals (IIMM), *Mining's contribution to sustainable development – an overview* (2012), the authors give more perspective regarding this statement and argue that historically legislation developed around cost-benefit analysis. This primarily economic driven approach missed much of the negative impacts the mining sector had on the environment and communities. It was focused on preventing and mitigating the negative, and showed little consideration to develop and build on the positive. The authors report that a legal mining licence to operate was consequently approved when the negative impacts were adequately documented and mitigating controls were put in place to prevent harm. The net contribution over the full lifecycle of the mining project was as a result not considered.

Today, there is general acceptance in the industry that it is not about legal compliance alone but that a social licence to mine is an essential element of success (ICMM, 2012). Better stated in the words of the former President and Chief Executive Officer of Rio Algom, Patrick James (cited in Nelsen, 2007): “*Obviously a Social Licence is not obtained from the courthouse. It is earned from the people of the community, the stakeholders of the project. It is not written on paper, but you can see it in peoples’ faces when they talk about the development. It is about mutual respect, shared benefits, common trust*”. Mining companies, according to the International Council for Mining and Minerals (ICMM, 2012), were called upon to take a much broader view than only considering their own interest. Yet, in practice, the social licence also seems to have a short term focus in decision making and actions and the opportunities and the stability of a contribution perspective over the longer term are missed out on (ICMM, 2012).

Owen and Kemp (2013) argue that mines are failing to engage in “collaborative long term development” strategies due to an inherent risk adverse orientation of management. There is no appetite to confront the current short term profit maximisation philosophy and redirect it to sustainable value propositions for business and communities the like. The same authors (Owen & Kemp, 2013) take issue with the term social licence as it sounds like and it is used by industry as if it has legal standing, yet the term is not clearly defined and has no legal standing. With regard to a definition for the concept Owen and Kemp (2013) report the only common thread is the importance of obtaining buy-in from stakeholders to give their full support or at least to negate opposition. It is their view that, given the complexities associated with the mining industry, a much greater effort is required than a mere recognition of the importance of the socio-economic issues and therefore they call for a more articulated approach (Owen & Kemp, 2013). Companies at the onset of a project often paint a picture of certainty to gain the confidence and approval for a social licence from contractual and non-contractual stakeholders. In turn, based on the power and trust built into the social contract, these stakeholders invest and make sacrifices to honour the contract, but when the project fails or ends prematurely there is no provision for compensation for these stakeholders (Browne, Stehlik & Bulkley, 2011). *This is particularly significant in an era where CSR is becoming the practice norm, and communities who are engaged*

*in the “boom times” as partners, in definition as non-contractual stakeholders can be dispensed with in times of “bust”* (Browne, Stehlik & Bulkley, 2011).

As a way forward Flyvbjerg *et al* (2003) suggest that companies in the first place take a much longer term view on planning for uncertainty. Secondly, they propose a “high-trust democracy” where members of the community can take informed decisions with experts and politicians. Lastly, they say that the “high-trust democracy” should not be based on idealism, but on uncompromising risk assessment and accountability.

### **2.5.3 Corporate Social Responsibility (CSR) in Mining**

According to Hamann (2006) there are many different interpretations and definitions to what CSR entails. CSR and corporate citizenship are often used interchangeably with other terms, but in broad terms it refers to an expectation that business will demonstrate its willingness and capability to make a contribution to sustainable development. The rationale is that if businesses improve their communication with stakeholders, understand and manage the impacts of their activities on the environment, the economy and the community, and make contributions to the development goals of the area, then these efforts will result in a better society for all. In South Africa the development agenda is characterised by poverty, unemployment, urbanization, housing, basic services, environmental degradation, HIV/AIDS and other diseases (Hamann, 2006).

Prior to 1994 the mining industry supported philanthropic causes under the banner of Corporate Social Investment (CSI), but according to Hamann these initiatives went mostly unnoticed because of the human rights abuses that were associated with the industry at the time. The latter refer specifically to the migrant labour system and the high density accommodation or hostels that were provided for the predominately male workforce. The health and safety of workers in and around the mine was also an area of concern (Hamann, 2006).

Hamann (2006) reports that after the political change in 1994, CSR in the mining industry became “much more inclusive and committed” as a result of firstly, the Constitution of 1996 and secondly, legislation applicable to mining, specifically in the form of the Mines Health and Safety Act of 1996 and the Mineral and Petroleum Resources Development Act (MPRDA) of 2002. These Acts also provided a



platform to communities, individuals and local groupings in the host communities of the mining companies to address socio-economic and environmental issues that may impact them (Hamann, 2006). The MPDRA and other relevant legislation will be discussed in more detail in Chapter 4.

## **2.6 Conclusion**

More closures of South African gold mines are inevitable, simply because the gold reserves have been depleted and very few new discoveries have been made. The gold price may pick up again and prolong the inevitable, but the fact remain that the existing ore reserves are deeper to mine at higher costs and increased safety risks. Technological breakthroughs may make these ore bodies more accessible, but it still will imply massive layoffs of mineworkers currently doing the hard work. There is some comfort in the fact that South Africa will not be the first to experience the collapse of an industry. There are lessons to be learned from across the world where towns depended on a single resource and then collapsed. There is however no doubt that the men and women that grew up in these industries, never contemplated that the sole provider of their income, the one that provided the schools for the their children to learn, the hospital and doctors to care for their sick, the sport clubs and the many other services, will someday just close their doors. This ingrained dependence is what makes closure such a traumatic experience to many. Matters get worse when the community inherits the negative environmental impacts left behind when such an industry collapses, such as polluted ground water.

In the following chapter the spotlight will move towards the economy and specifically explore local economic development

## Chapter 3 - Local Economic Development: A way Forward

*“Anyone who claims to understand economic development completely, or to have found ‘the’ key to ‘the’ secret of economic growth, is likely to be a fool or a charlatan or both” (Herrick & Kindleberger, 1983 cited by Davis & Tilton 2005).*

### 3.1 Introduction

In Chapter 1 it was briefly mentioned that mining companies in terms of South African legislation are regulated by the MPRDA and they must amongst other make a contribution to community development. The relevant details of the Act will be discussed in the next chapter, but for now it is necessary to know that the Act requires mining companies to compile Social and Labour Plans (SLPs). These SLPs must be aligned with the IDP of the local municipality as prescribed by the Municipal Systems Act, (Act no. 32 of 2000) as a compulsory function of local and district municipalities (RSA, 2000).

The objective of this study is to get an insight into the effectiveness of LED programs to absorb the negative impacts of mine closures and to leave a sustainable community behind post closure. In order to make this assessment a better understanding is required of how integrated development planning, cooperative governance and local economic development resonate together. This section will endeavour to give some definition to these concepts.

### 3.2 Local Economic Development: Understanding the Context

Communities across the world are endowed with knowledge and skills, and together with the natural resources in the area they have the challenges and opportunities to design the destiny of their own economy as a part of a global economy. This is true for the rich and poor, the big and small towns, cities, dorpiés and other entities all over the world. This process of local economic development is however a never ending; constant changes in technology, demographics, industry and nature don't allow for a stable status to be achieved. An over emphasis on economic growth and the misnomer that economic growth equals economic development in the traditional definition of LED added to the challenges of modern day LED planning.

According to Leigh and Blakely (2013) two trends in particular emerged – firstly the rich got richer and the poor got poorer and secondly, global warming is on the increase to unsustainable levels. By implication, part the modern day definition of LED must include a more equitable distribution of wealth and resources and, at the same time, ensure adherence to the principles of sustainable development (Leigh & Blakely, 2013). Another challenge that in the more recent history that entered the equation of LED planning is Globalisation. A supplier of goods and services is no longer necessarily based in the local town or region but it may be based anywhere across the world. Technological advances in the more recent history, in particular in the field of Information Technology, had a dramatic influence on how we conduct business. Online meetings with members sitting in different cities across the world are common place. A person can for example have their tax returns done in London, or order a new shirt from India, or speak to software developers from America without leaving their home. Local economies cannot escape the forces of globalisation and need to be innovative and competitive or face potential ruin

*When I was growing up, my parents used to say to me, "Tom, finish your dinner -- people in China are starving." But after sailing to the edges of the flat world for a year, I am now telling my own daughters, "Girls, finish your homework -- people in China and India are starving for your jobs."*

*(Friedman, 2005:33)*

(Friedman, 2005:33). To stay ahead according to Friedman (2005), will require energetic and focused leadership with leaders that can motivate their people to work harder and to improve their skills. He advises that more must be done to get the youth to study science and engineering (Friedman, 2005:33).

### **3.3 The New Economy**

Qualitative and quantitative changes that occurred since the early 1990s renovated the thinking on how economies must be structured, how they must function and the rules that must apply. According to Atkinson and Correa (2007) the new economy is for

the most part characterised by four traits: a global market place, grounded on

entrepreneurial and knowledge-based principles, engrained in information technology, and lastly it has innovation as main driver. Table 4 reflects the shift that took place in a number of indicators from the old to the new economy. The research was done in the United States of America, but is indicative of the shift that took place globally. Atkinson and Correa (2007) explain that the old economy refers to the post World War II period up to the mid-1970s, while the new economy is from then onwards.

**Table 4: New and Old Economies**

<b>Issue</b>	<b>Old</b>	<b>New</b>
<b>Markets</b>	Stable	Dynamic
<b>Scope of competition</b>	National	Global
<b>Organizational form</b>	Hierarchical	Networked
<b>Production system</b>	Mass production	Flexible production
<b>Key factor of production</b>	Capital/labour	Innovation/ideas
<b>Key technology driver</b>	Mechanization	Digitization
<b>Competitive advantage</b>	Economies of scale	Innovation/quality
<b>Relations between firms</b>	Go it alone	Collaborative
<b>Skills</b>	Job-specific	Broad and changing
<b>Workforce</b>	Organization Man	"Intrapreneur"
<b>Nature of employment</b>	Secure	Risky

(Source Atkinson & Correa, 2007)

### **3.4 The Emergence of Local Economic Development**

As argued previously, globalisation has had a profound impact on the way people conduct business. The regional landscape from a socio-political and an economic point of view has and is changing to a more diversified and complex environment (Rodríguez-Pose & Tijmstra, 2009). It is imperative that the planning of economic development be aligned with the dynamic nature of the economic landscape, internationally and nationally (Rogerson, 2014). According to a number of authors the historic development strategies that are driven from a national level, top down, are unproductive in this new environment and development problems are not dealt with adequately (Akudugu & Laube, 2013; Leigh & Blakely, 2013; Rodríguez-Pose & Tijmstra, 2009; Rogerson, 2014:203-218). As already mentioned previously, it actually contributed to the worsening of the inequality gap (Leigh & Blakely, 2013).

A new approach was needed to replace or complement the traditional strategies (Rodríguez-Pose & Tijmstra, 2009). Local economic development emerged as a bottom up “place-based” alternative to top-down development planning and is fast becoming the preferred strategy for regional and territorial development globally (Akudugu & Laube, 2013; Leigh & Blakely, 2013; Rodríguez-Pose & Tijmstra, 2009; Rogerson, 2014).

*It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change.*

*Charles Darwin (as cited in Megginson, 1963)*

Not all commentators are however equally convinced that LED is always the best strategy to embark on. Rodríguez-Pose and Tijmstra (2009) is of the view that LED is a sound and viable strategy to confront and solve development problems in localities across the world, irrespective of institutional capacity or development status. In an earlier paper the same authors examined LED as a suitable alternative for traditional development strategies in Sub-Saharan Africa and conceded that the successful implementation of LED may be hampered by a lack of funding and low government capacity. The prevailing conditions in poor and remote areas may also not be conducive for the successful implementation of LED (Rodríguez-Pose & Tijmstra, 2005).

According to Akudugu and Laube (2013) LED is an ill-defined concept that in the developing world has not proved itself as a successful development strategy. It was their experience in Ghana that well-structured LED projects started off well, but as soon as the donor funding stopped, the projects collapsed. Planning in Ghana is still to a greater extent done in a top down manner. Local agents reportedly are not so interested to take part in joint planning exercises with government and international agencies. They would prefer to do infrastructure development and to have control over funds transferred. Also the politicians prefer infrastructure development as it provides the opportunity to reward loyal supporters through bribes and kick-backs. The political will to drive LED at a local level is low as the potential to score political points or votes are limited. Akudugu and Laube (2013) concluded that if the

technical, social, economic and political mindsets of local actors are not aligned with the fundamental principles of LED, then it is bound to fail.

### 3.5 What is LED?

LED is not a clearly defined concept (Rodríguez-Pose & Tijmstra, 2009). Table 5 offer some of the available definitions collected by the SA LED Network (2015). There are however a couple characteristics that the various definitions of LED share. In the first place it is an approach that targets the stakeholders of a specific territory or region with the aim to empower them to design and build the future of that place. Although there may to a lesser extent be a reliance on external actors, with LED it is the local actors that take control of their own destiny. In the second place, LED is an approach that relies on and promotes the participation of all stakeholders. The collaboration of local business with regional and national government, and international organisations is of key importance to maximise the economic performance of the locality. In the third place, globalisation is accepted as a reality and is not dismissed or ignored by LED. It explores new opportunities in local and foreign markets and builds on the local capacities, strengths and resources to capitalise on these opportunities. LED, lastly, seeks to achieve development that is sustainable. The focus is therefore not on job creation alone, but on the creation of local jobs that will reduce poverty and that will be sustainable (Rodríguez-Pose & Tijmstra, 2009).

**Table 5: LED definitions**

"The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation." (World Bank)

" LED is an ongoing process by which key stakeholders and institutions from all spheres of society, the public and private sector as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms." (GIZ)

"LED is a participatory process which encourages social dialogue and public-private partnerships in a defined geographical area. LED enables local stakeholders to jointly design and implement a development strategy which fully exploits local resources

and capacities, and makes best use of the area's comparative advantages." (ILO)

"LED is a participatory process where local people from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. It is a tool to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized. LED encourages the public, private and civil society sectors to establish partnerships and collaboratively find local solutions to common economic challenges. The LED process seeks to empower local participants in order to effectively utilize business enterprise, labour, capital and other local resources to achieve local priorities (e.g. promote quality jobs, reduce poverty, stabilize the local economy generate municipal taxes to provide better services)."  
(UN-Habitat)

(Source: South African LED Network, 2015)

In my opinion the best definition of LED is by Leigh and Blakely (2013). It is more outcomes focussed and contains a strong emphasis on sustainability.

*“Local economic development is achieved when a community’s standard of living can be preserved and increased through a process of human and physical development that is based on the principles of equity and sustainability” (Leigh & Blakely, 2013).*

### **3.6 The Theory of Local Economic Development**

As has been discussed previously, the world economy was drastically reshaped, mainly due to globalisation. Throughout history, many theories on LED have been developed. Leigh and Blakely (2013) reports that many of these theories emphasized the resources (availability of natural resources, labour, investment capital, geographic location, etc.) in localities and neglected the importance of the capacity (technological, economic, social and political) of the area to make these resources work for them. It furthermore made very little distinction between economic growth and economic development. According to Leigh & Blakely (2013), for LED to remain relevant, these theories need to evolve to match the challenges of the new economy. Leigh and Blakely (2013) identified key components from a number of theories and developed a “conceptual and theoretical framework” that can be used as the corner stones of local economic development in the new economy

(see Table 6). They specifically stress the difference between LED under the old economy and under the new economy.

**Table 6: A reformulation of the components of LED**

<b>COMPONENT</b>	<b>OLD CONCEPT</b>	<b>NEW CONCEPT</b>
<b>Locality</b>	Physical location (near natural resources, transportation, markets) enhances economic options.	A quality environment and strong community capacity multiply natural advantages for economic growth.
<b>Business and economic base</b>	Export base industries and firms create jobs and stimulate increased local business.	Clusters of competitive industries linked in a regional network of all types of firms create new growth and income.
<b>Employment resources</b>	More firms create more jobs, even if many are minimum wage.	Comprehensive skills development and technological innovation, lead to quality jobs and higher wages.
<b>Community resources</b>	Single-purpose organizations can enhance economic opportunities in the community.	Collaborative partnerships of many community groups are needed to establish a broad foundation for competitive industries.

(Source: Leigh & Blakely, 2013)

### **3.7 LED in the South African Context**

#### **3.7.1 Historical Background**

Discrimination on the grounds of race and class has been part of the development of South Africa since the days of colonialism and by the apartheid regime thereafter. Apartheid pursued the ideals of separate development spatially and geographically. It implied that large numbers of the country's population were refused the opportunity to share in the benefits of urban and rural development (RSA, 2001). Regional development planning at that stage conflated with the goals of apartheid planning (Rogerson, 1994). As a consequence, one finds a much distorted pattern of



development that is ineffective and costly and still limits access to economic and social resources to those that were excluded in the past. Some of the settlement patterns inherited from apartheid planning that is still with us today, are (RSA, 2001):

- Townships developed with little or no economic, cultural, recreational and educational infrastructure forcing inhabitants to travel long distances to access these opportunities.
- The former Bantustans were overcrowded and people had to make a living on limited arable farm land. This had a very negative environmental impact on the land.
- The inequality between traditional white residential areas and the black townships created under apartheid are substantial.
- The availability of infrastructure and services in traditional black townships is poor and inadequate compared to traditional white residential areas.

In the post-apartheid era development planning had as first priority the reversal of the legacies left behind by apartheid planning and it is done through an integrated development planning approach (Nelana, 2005).

### **3.7.2 Approach to LED**

The Rogerson (2006) distinguishes between pro-business growth and pro-poor growth. Historically economic growth was emphasised while the developmental needs of the majority of South African citizens have been neglected. A pro-poor growth approach endeavours to reduce poverty and inequality. Rogerson (2006) maintains it is essential that global competitiveness and poverty alleviation be addressed in an integrated manner and not independently. Failure to do so reaffirms the notion that poverty reduction interventions are for the poor while strategies to enhance global competitiveness are for the rich (Rogerson, 2006).

Government is seen as the main driver of LED. Municipalities varies in the approach they follow to implement LED. A pro-poor LED approach is mostly followed by smaller municipalities in the more rural areas with emphasis on poverty alleviation and projects compatible with the size of the municipality. The bigger municipalities that are situated in more urban environments are more pro-growth orientated, while

the metros seek to draw investment of scale and focus on competitiveness (South African LED Network, 2015).

Rogerson (2006) states that the challenge to municipalities is to: "... achieve a pro-poor growth path that operates simultaneously to achieve the desired goals of economic growth, competitiveness, and poverty reduction."

*Successful LED depends on local partnerships as well as on national and regional structures to promote and support local initiatives. (South African LED Network, 2015)*

### 3.7.3 Key Stakeholders

From the definition of LED, it should be clear by now that the key stakeholders are local agents that form partnerships to pursue economic growth and job creation using local resources. These local agents include local government, formal business i.e. chambers, forums and corporates, informal business, labour, and community organisations i.e. NGOs, citizen forums and groupings. Regional and national structures should provide support and promote local interventions (South African LED Network, 2015).

The role of **local government** is to obtain commitment and support from national and regional resources for their localities and to identify local strategic partners willing to assist in the development of the local economy. Local government will take the lead on the formulation of the LED plan, but it should be carried out in conjunction with their strategic partners. **Government's** role is to ensure that the development objectives of LED are met in terms of employment, rural development and urban renewal. It has furthermore an obligation towards the previously disadvantaged communities to ensure LED follows a holistic approach and that the benefits of LED are spread equitably to all constituents within in the borders of the local municipality (South African LED Network, 2015).

The roles and responsibilities of the respective spheres of government are often blurred and overlapping. It is important to clarify the roles, and the following table sets out proposed roles for each sphere of government (South African LED Network, 2015):

**Table 7: Roles of spheres of government relating to LED (South African LED Network, 2015)**

National Government	The primary function in LED is the coordination of policy and investment initiatives
Provincial Government	Based on the priorities of the IDPs of municipalities in the province their function is to coordinate resources from national government to the province. Provincial LED Forums must be established as an extension for the work done by the National LED forum. Capacity building in LED and support during implementation at Local Government level is also part of its responsibility.
Local Government	Local governments need to create an environment conducive for economic growth and act as the key facilitator in the forging of partnerships between local business, civil society and local government.
Government Agencies	Agencies can play a supporting role in LED initiatives. Typical examples are: Small Enterprise Development Agency (SEDA) and Sector Education Training Authorities (SETA)
Foreign Donor Organisations	There are institutions that have a mandate to support LED. Germany plays a prominent role and specifically targets municipalities and good governance.
Local Development Agencies	These agencies are mandated to serve district and local municipalities. There are approximately 30 operational with varying degrees of success. The biggest stumbling block is a lack of consensus between the different stakeholders regarding the LED responsibilities of the agency vis-à-vis the local authority.

### **3.7.4 Local Economic Development and Sustainable Development**

By now it should be clear the first priority of LED in South Africa is to reduce poverty and inequality. This daunting task must be achieved while we preserve and protect our natural environment and ecosystems that the survival of the human race depends on (Swilling, 2008). This may sound very straight forward, but according to Swilling (2008) this is just not possible, at least not in the way we currently think of

development. To illustrate his point he gives the following example. Let say we follow a development strategy that advocates that all poverty will be eradicated and one and all can live like the average middle class citizen of the world. At present, the average middle class citizen represents approximately 20% of the world population, but contribute to 86% of total private expenditure (UNDP cited by Swilling, 2008). According to Swilling (2008) there will not be enough resources to live this kind of life, unless there is a “profound” paradigm shift in the way we understand development. The current reality is that the needs of humans are forever increasing, while the capacities of ecosystems - on which we are reliant for survival - are finite and are being eroded. Swilling (2008) argues that the only way to eradicate poverty will be to “radically decouple our production and consumption systems and their management from rising levels of resource use.” Technically it is possible for communities to meet all their material needs without causing permanent damage to ecosystems. For this to happen, communities will have to reuse their solid and liquid wastes, reduce dependency on fossil fuels and use renewable energy, rethink food production and build soil quality rather than degrading it, avoid air pollution, protect forests and natural habitat, treat water supplies with respect, and lastly reverse the trend to kill living species – specifically marine species and rather conserve these species. Sustainable use of resources must be a precondition if we want to eradicate poverty. This would imply that over-consumers will have to reduce consumption to levels that will be enough to satisfy their needs. The savings obtain can be used to eradicate poverty. This approach also reduces inequality while goods and services are produced and consumed in an sustainable manner. This approach challenges the economic and political powers that protect the current status quo (Swilling, 2008).

### **3.8 Conclusion**

Within the South African context LED has since 1994 developed into a mature strategy for the development of local economies. A change in the political dispensation, globalisation, and climate change all contributed to the rapid development of the strategy. The concept of LED is however forever evolving as it tries to keep up with technological changes and the ever changing dynamics that impacts the local economy. The successful implementation of LED as a development strategy assumes: that local actors will take charge of the own destiny,

the involvement and participation of all stakeholders, globalisation is acknowledged and not ignored, and seeks development that is sustainable. The reversal of the legacies of apartheid, high levels of poverty and inequality still dominate the agenda of most LED programs. These objectives are almost impossible to achieve unless the overconsumption of current resources are stopped, and more renewable resources are used. This however challenges the current market and political forces at play and makes decoupling and sustainable development very difficult to achieve.

## **Chapter 4 - The Legal and Regulatory Framework**

### **4.1 Introduction**

A legislative framework that is clear and defines the parameters for mine closure is a prerequisite for the development of a sustainable mining sector (World Bank, 2002). Whether this exists in South Africa, is a subject that this chapter will explore.

This chapter will discuss national and provincial legislation and policies applicable to mining. In addition, legislation that addresses the functions and powers of local government will be discussed, including the drafting of integrated development plans (IDPs), and spatial development frameworks (SDFs).

Policies relating to Local Economic Development, Industrial Development will furthermore be discussed as well as relevant national and provincial development and spatial plans that influence local planning and development.

### **4.2 The Constitution of the Republic of South Africa**

The Constitution of the Republic of South Africa of 1996 is the supreme law of South Africa and all other laws have to be measured against it. It is aligned with international sustainability principles (Morrison-Saunders & Retief, 2012). One of the founding values of the country is stated in Section 1 (a) “Human dignity, the achievement of equality and the advancement of human rights and freedoms”. In the Bill of Rights (Chapter 2 of the Constitution) in Section 24 our right to a safe environment is secured (RSA, 1996). The Constitution and some common law principles (such as the principles of natural law) protect the rights of the people of South Africa. With regards to LED, the Constitution instructs municipalities to take care of the basic needs of their communities and to “... promote the social and economic development ...” (RSA, 1996). Mining houses must ensure that they apply due diligence and care in conducting mining operations and closure activities so as not to infringe on the rights of the public (Swart, 2003).

### **4.3 National Legislation and Policies**

#### **4.3.1 Municipal System Act, 2000**

The 1998 White Paper on Local Government uses the phrase “developmental local government”, meaning local government makes it their business to work with civil

society and stakeholders in the community to meet the social, economic and material challenges and improve quality of life in a sustainable manner (RSA, 1998).

Integrated Development Planning (IDP) is prescribed by the Municipal Systems Act, 2000 (Act no. 32 of 2000) as a compulsory function of local and district municipalities and assigns several functions and responsibilities pertaining to local economic development (Nel, 2001; RSA, 2000; South African LED Network, 2015). It is the expectation of the act that municipalities will plan and execute development planning in consultation with the other municipalities and spheres of government as well as with the local community. The latter includes amongst other: residents, ratepayers “any civic organisations and non-governmental, private sector or Labour organisations or bodies which are involved in local affairs within the municipality” (RSA, 2000). The act deals with the “core principles, mechanisms and processes” municipalities can employ to meet their community development objectives (RSA, 2000; South African LED Network, 2015).

#### **4.3.2 National Environmental Management Act, 1998**

The National Environmental Management Act, 1998 (Act No. 107 of 1998) provides a framework and principles for sustainable development. It promotes Integrated Environmental Management (IEM) on the premise that all government departments and state organs should seek alignment with one another. The “Duty of care and remediation of environmental damage” is dealt with in the Act (Swart, 2003). The IEM as we know it today had its roots in a document that was published in 1983 by South Africa’s Council for the Environment (DEAT, 2004). The Department of Environmental Affairs and Tourism (DEAT) (2004) describes it as a philosophy and a set of principles that aims at promoting sustainable development using a set of supporting tools. It is a way of thinking and can be equally applicable to a project, a process or a policy (DEAT, 2004). It considers all life stages of the project from concept to end of project. IEM differs from an environmental impact assessment (EIA) in so far as IEM is a philosophy and EIA is but a tool used in the IEM process. IEM forms part of the National Environmental Management Act (No. 107 of 1998) and as such has legal status (Enviropaedia, 2007).

DEAT (2004) defines environmental impact assessments as follows:

“Aims to predict both positive and negative environmental impacts of a proposed project and find ways to reduce adverse impacts, shape projects to suit the local environment and present the predictions and options to decision-makers. This tool is designed to be project specific and site-specific, and not to be focused on strategic issues”.

The main processes of this tool are discussed briefly in the following paragraphs.

- *Screening*: This process is done to determine if an EIA must be performed and at what level it must be done (Weaver, 2003). In South Africa the outcome can be: no EIA required, a basic EIA required or scoping and full EIA required. There is also a category applicable to conservation areas (Fortuin, 2012)
- *Scoping*: The scoping process is meant to focus the assessment on key issues so as not to waste time and effort on trivial matters. The terms of reference for the impact analysis are derived from the scoping report. This is normally done in consultation with government, the developer, NGOs and community organizations (Weaver, 2003).
- *Impact Analysis*: The impact of the activities of the proposed development on the environment is analysed in this stage. Impacts, both positive and negative, must be identified and significance of the impact must be predicted (Weaver, 2003).
- *Mitigation*: During the mitigation stage alternative options are considered to eliminate / reduce negative impacts. Effort should also be made to explore opportunities to enhance positive impacts (Weaver, 2003).
- *Reporting*: The findings of the impact analysis and the mitigation strategies are compiled into an EIA report. This report will be presented to government and will form the basis of their decision-making on the approval of the project (Weaver, 2003).
- *Reviewing*: All reports must be reviewed by the authorities to ensure that the reporting is of an acceptable standard. In order to ensure that all issues are



identified and addressed, the public and independent specialists are included in the review process (Weaver, 2003).

- *Decision-making:* A decision is made to authorise or reject the development proposal. Normally an authorisation will be subject to a number of conditions in the record of decision. These conditions should also find their way into the environmental management plan of the project (Weaver, 2003)
- *Implementation:* Following the approval of a development project, the developer may be required to submit an environmental development plan (EMP) that covers all stages of the project. This document contains all the actions required to mitigate impacts and to comply with the authorisation conditions. This important monitoring tool is often neglected (Weaver, 2003).

An Environmental Management Plan (EMP) is, according to Swart, the most important requirement concerning the environment and rehabilitation of a mining site. An Environmental Impact Assessment (EIA) must be done and the EMP must follow and must officially be signed off (Swart, 2003). The EMP now becomes the standard for the rehabilitation of the surface land involved and an integral part of current mining operations until mine closure (Swart, 2003).

#### **4.3.3 Minerals and Petroleum Resources Development Act, 2002 (MPRDA)**

The Minerals Act, 1991 (Act No. 50 of 1991) originally enforced the protection of the environment, the management of impacts on the environment, and the rehabilitation of the affected areas where mining took place. Since then, it has been replaced by the Minerals and Petroleum Resources Development Act (MPDRA), 2002, which has a full life cycle approach to mining and prospecting and seeks to transform the mining industry to be sustainable. It considers the cost of the main elements of sustainable development i.e. economic, environmental and social. In the Act, the State affirms its commitment to (Swart, 2003):

- *protect the environment for the benefit of present and future generations*
- *ensure ecologically sustainable development of mineral and petroleum resources*
- *promote economic and social development.*

The above paragraphs give a broad overview of the legislative framework that mining companies must comply with. In the next paragraphs I will take a closer look

at the provisions in the MPRDA that compels mining companies to play their part in the socio-economic development of host communities.

#### **4.3.3.1 Social and Labour Plans**

Section 23 (1) of the MPRDA requires of mining companies to submit Social and Labour Plans (SLP) as prescribed in regulation 46 when applying for a mining right (RSA, 2002)

The Social and Labour Plan are to (DMR, 2009):

- *Promote employment and advance the social and economic welfare of all South Africans*
- *Contribute to the transformation of the mining industry*
- *Ensure that holders of mining or production rights contribute towards the socio-economic development of the areas in which they are operating as well as in the areas from which the majority of the workforce is sourced.*

The contents of a Social and Labour Plan is defined in Regulation 46 of the MPRDA (RSA, 2002) and the Regulator, the Department of Mineral Resources (DMR), issued guidelines to assist mines to prepare the SLP as prescribed by section 23 (1) of the Act (DMR, 2010b). The SLP must accordingly provide for a Human Resource Development Plan, a Mine Community Development Plan, Housing and Living Conditions Plan, the implementation of processes to manage down scaling and retrenchments and lastly, financial provisions for the implementation of the social and labour plan (RSA, 2002). The MPRDA also requires of mining companies to comply with the broad based socio-economic empowerment charter (the so called Mining Charter). The purpose of the Mining Charter is to ensure sustainability and bring about transformation in the industry. As such the Mining Charter sets targets, standards and timeframes that mining companies must comply with. Non-compliance may result in mining companies losing their mining rights (DMR, 2010a). The SLP must therefore be aligned with the targets, standards and timelines as prescribed in the Mining Charter.

Within the context of this study, it is important to highlight Regulation 46 (c) (iv) of the MPRDA that prescribes that a local economic development programme must include: *the infrastructure and poverty eradication projects that the mine would support in line with the Integrated Development Plan of the areas in which the mine*

operates and the major sending areas (RSA, 2002). The Revised Social and Labour Plan Guidelines of 2010 also speak of *infrastructure* and *income generating* projects (DMR, 2010b)). Secondly, it states that these projects must be aligned with the Integrated Development Plans (IDP) and other relevant frameworks such as the Provincial Growth and Development Strategy (PGDS) and the National Spatial Development Strategy (NSDS). It puts emphasis on consultation and cooperation with local authorities and relevant stakeholders to achieve alignment and to ensure plans meet the desired priorities (DMR, 2010b). Figure 5 (Maxim, 2012) illustrates the various planning systems that should inform the IDP that in turn should influence the selection of projects. Thirdly these projects must be done in the area *where the mine operates*, in other words the host community, and in the *labour sending area*. The latter is defined as the area where most of the labour force originates from – presently and historically (DMR, 2010b).

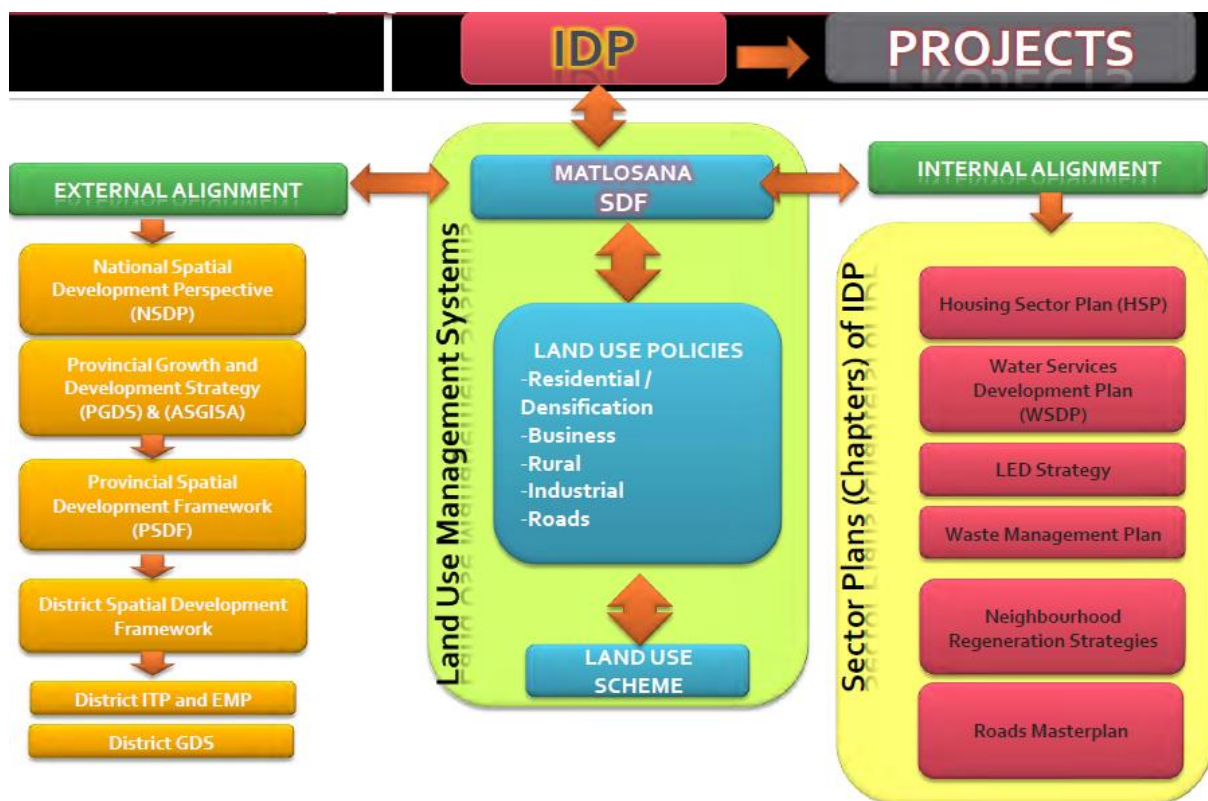


Figure 5: Land use management as element of Integrated Development Planning (IDP) and how it relates to other strategic planning systems (Source Maxim Planning Solutions, 2012)

Another aspect of the SLP that deserves more attention is Regulation 46 (c) (vii) of the MPRDA that requests a procurement progression and implementation plan. This plan is designed to advance the enterprises of Historic Disadvantaged South

Africans (HDSA), by supporting them through local procurement strategies (RSA, 2002).

Marais and Van der Walt (cited in Rogerson, 2012) are of the view that the aim of SLPs is not to do the work of municipalities, but to complement the work of municipalities so that communities can enjoy enhanced benefits to what is normally provided by municipalities.

The diagram in Figure 6, compiled by KPMG (2013), summarises the preceding paragraphs, while also giving context as to the flow and sequence of events.

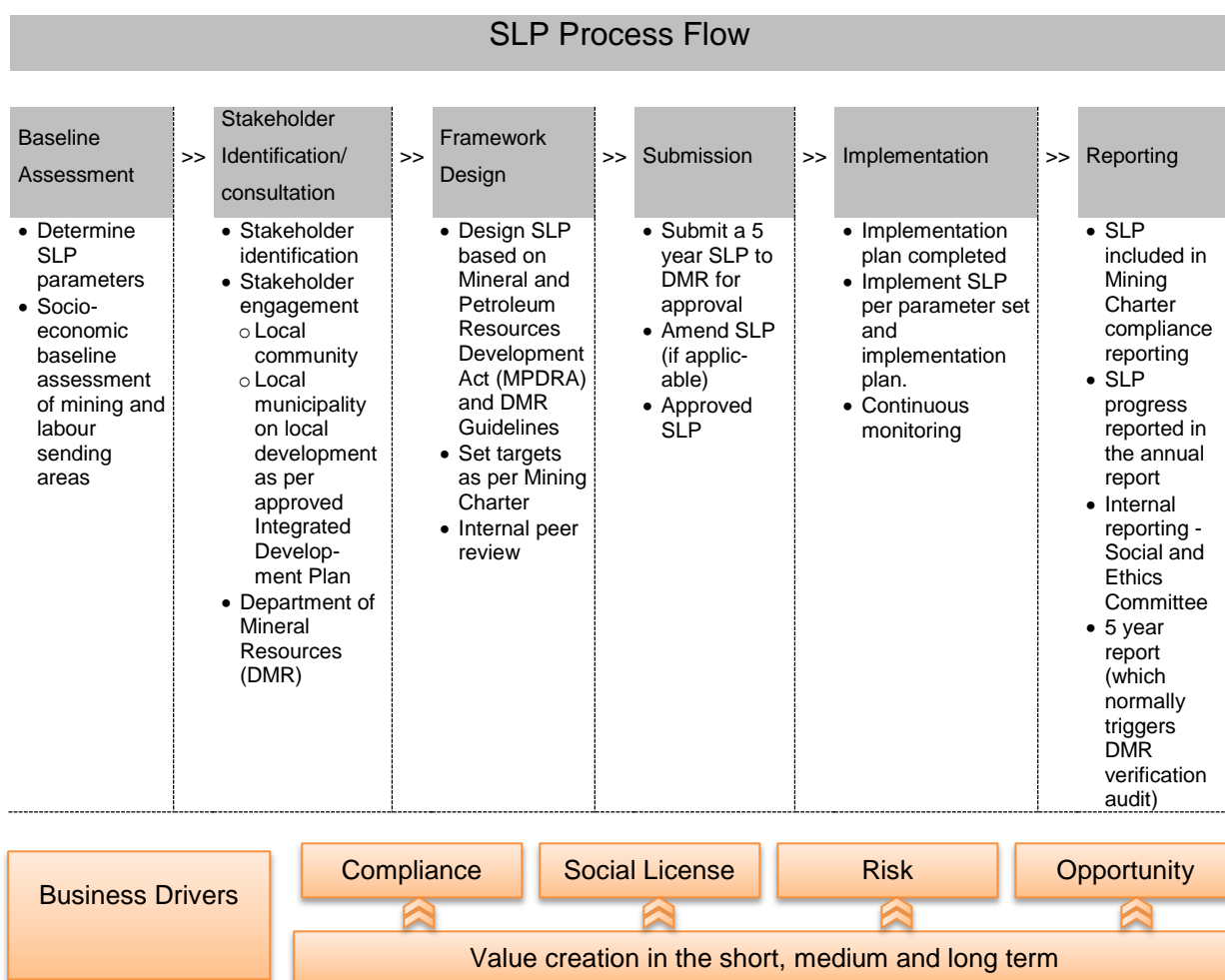


Figure 6: Social and Labour Plan process flow (Source: (KPMG, 2013))

#### 4.3.3.2 Critique on the MPRDA

Commentators are however not all very optimistic regarding the effectiveness of the Act. Leon (2013), in his research of international best practice, describes the MPRDA as vague, ambiguous, full of uncertainty and giving the Minister of Mineral Resources too much discretionary powers in the approval process of mining rights.

The National Planning Commission (NPC, 2011) is of the view that the vagueness and uncertainty in the Act, and of property rights, were of the main reasons why the South African mining industry missed the boom cycle from 2001 to 2008. While international mining companies grew on average by 5% per annum over this period, South African mining companies had a negative growth of 1% per annum (NPC, 2011). Leon (2013) explains that the uncertainty scares off investors. At an implementation level, the absence of clear guidelines of what are acceptable projects and what not, results in projects being evaluated on a project by project basis. This does not support the principles of integrated planning and creates confusion, for what may be acceptable today, may not be acceptable tomorrow. As a consequence, it also leads to infrastructure development being over emphasised (Marais, 2013b)

The NPC (2011) furthermore claims that the contribution of mining companies to stimulate local economic development can be substantially improved by a realignment of the mining charter objectives. The areas of human resource development, local economic development and procurement were specifically named (NPC, 2011).

Rogerson (2012), Marais (2013b) and Chamberlain (2014) are all critical of the cooperative governance and consultation processes. The research done by Rogerson (2012) shows that relationships between local government and mines improved over the period 2005 and 2010, but that more must be done to get the full benefit of mining-led local economic development projects. He recommends as a policy change that the consultation process should be institutionalised in the form of a local development forum. One of the key objectives of the forum will be to cultivate a culture of trust and a good working relationship which are central to the formation of a good partnership. It will thus create a platform to ensure effective joint planning of matters affecting local economic development, the alignment of SLPs and IDPs, the delivery of infrastructure, the development of people and sustainable development. Rogerson also notes that there is strong evidence that point in some cases to the need of an intermediary organisation that will ensure mining companies do not dominate the discussion – especially in municipalities where there is a lack of capacity (Rogerson, 2012).

Marais proposed that the following issues need to be adapted in the Act and its regulations (Marais, 2013b):

- Partnerships should be dealt with in the Act or regulations.
- The need to establish a sustainable economy after the life of the mine should be emphasised more.
- Funding guarantees are essential to ensure an economy after the life of the mine.
- Clear guidelines for project selection are required to understand which projects are acceptable and which not.

Chamberlain (2014) is however of the view that although the Act may not be perfect, it has sufficient means to regulate mines, but the regulator is not fulfilling her mandate and “the department has a dismal track record in taking compliance action”.

#### **4.3.4 Other Mining Related Policies**

The following policies impacts mining and sustainable development. These policies are not discussed, but need to be noted (Swart, 2003):

- Mine Health and Safety Act, 1996
- National Water Act, 1998
- Atmospheric Pollution Prevention Act, 1965
- Nuclear Energy Act, 1999

#### **4.3.5 Policies and Frameworks Impacting LED Planning**

##### ***4.3.5.1 The Post- Apartheid Era up to 2007***

In the post-apartheid era, a number of key policy documents laid the foundation for local economic development (Nel, 2001; Rogerson, 2011; South African LED Network, 2015). Up to 1994 local economic development interventions in South Africa was limited to mainly the main cities in the country. Post 1994 the policy landscape changed dramatically with all local governments now mandated by the Constitution to implement LED (Rogerson, 2008). Yet, it took almost a decade before the local governments received a detailed guideline on what their activities should entail with the release of *Stimulating and Developing Sustainable Local Economies*, a framework released by the Department of Provincial and Local Government (DPLG) in 2006 (Rogerson, 2011). The release of this document is

also indicative that the LED policies and frameworks have reached a level of maturity and laid the platform from where LED planning and activities could be consolidated (Rogerson, 2008). The 2005 to 2007 period is described by Rogerson (2008) as a “watershed” period for LED development in South Africa, due to release of a number of national policies (see Table 8).

**Table 8: Legislative and policy development in the post-apartheid era up to 2006**

<b>Year</b>	<b>Policy</b>	<b>Originator</b>
2005	Policy Guidelines for Implementing Local Economic Development in South Africa	DPLG
2006	National Planning Framework	DPLG
2006	5-year Local Government Strategic Agenda and Implementation Plan	DPLG
2005	The Accelerated and Shared Growth Initiative (ASGISA)	DTI
2007	National and Industrial Policy Framework	DTI
2006	National Spatial Development Perspective (NSDP)	The Presidency
2006	Integrated Small Enterprise Development Strategy	DTI
2006	Regional Industrial Development Strategy (RIDS)	DTI

(Source: Rogerson, 2008)

#### **4.3.5.2 The Era 2008 to 2015 – the Ever Changing Landscape of LED**

According to Rogerson (2014) the challenge for economic development planning is to remain relevant and adjust to a rapid changing environment, both locally and internationally. Since 2008 a number of events internationally impacted the economic planning environment with direct consequences for LED.

The most noteworthy of these were the financial crises in 2008, which had a significant impact on the aspirations of LED internationally. Another event that needs mention is the establishment of new economic blocks as an expansion of South-South Trade relations, of which the BRICS (Brazil, Russia, India, China and South Africa) economic block is the most significant. Lastly, climate change is internationally recognised as a threat and local economic development planners

need to accommodate adaptation and mitigation strategies to ensure long term sustainability (Tomaney et al. cited by Rogerson, 2014).

In the South African context Rogerson (2014) identified five themes that define the local economic planning landscape. These five themes are discussed in the following paragraphs:

#### **4.3.5.3 New Economic Development Plans**

In the first place Rogerson (2014) investigates the impact of the new economic development plans on LED. The Zuma administration announced the New Growth Path (NGP) in 2009. The document sets a very ambitious target of five million jobs by 2020. It envisages a development path that will be more inclusive and labour intensive, with the aim to reduce poverty and inequality. The plan is structured around six principles (Rogerson, 2014):

- 1) Working towards an economy that can take in and hold more labour – this speaks to actual employment figures, job opportunities and economic growth.
- 2) The restoration of the productive capacity of the economy
- 3) The green economy – considering environmental impacts on economic growth and exploiting new opportunities.
- 4) The exploitation of opportunities outside the borders of South Africa on the African continent.
- 5) Working towards stronger linkages and coherence between economic sectors
- 6) Partnerships between business, government and labour are seen as key determinants to ensure the employment targets are achieved.

A national approach, according to Turok (2010), is not flexible enough to meet the unique requirements of the various localities and regions. Nor will it be able to take advantage of the opportunities to grow and develop the area (Turok, 2010). It is for exactly this reason that Rogerson (2014) stresses the importance of LED.

The National Planning Commission (2011) published the National Development Plan for 2030 (NDP) in 2011. It is regarded by Rogerson (2014) as the second important planning document that has direct consequences for LED planning – this in spite of the fact that the function of LED is not per se recognized. That said, the statement that South Africa needs “municipalities that put economic development and jobs at



the heart of what they do and how they function” (National Planning Commission, 2011), clearly highlights the importance of LED and the role of municipalities.

#### **4.3.5.4 The Reindustrialisation of South Africa**

One of the pillars of the NGP is the rebuilding the production capacity of the South African economy. The DTI made several policy changes and interventions subsequent to 2008 to address this issue, of which the Industrial Policy Action Plan (IPAP) needs mentioning. The IPAP is aligned with the 2007 Industrial Policy Framework (NIPF) (National Treasury, cited by Rogerson, 2014). After the 2008 global economic crises, the economy retracted and shed over a million jobs. The manufacturing sector was the hardest hit and lost over 200 000 jobs. Economic growth since then was mainly sustained by increased levels of consumption and high levels of credit. This unsustainable service and financial orientated economy needs to be restructured to a more sustainable economy, that focus on manufacturing, mining and agriculture and hence the reason why the IPAP is such an important cornerstone of the NGP (RSA, 2012). Rogerson (2014) identifies two areas that may impact on LED in the quest to reindustrialise the economy, i.e. preferential procurement from local suppliers and the green economy. The localisation drive aims to procure 75% of goods and services from South African producers by both government and the private sector. This drive is aligned with the amended Preferential Procurement Act that became effective 7 December 2011. Certain sectors, sub sectors and products are classified as “designated” and must be procured locally (Rogerson, 2014).

The threats of climate change brought with it opportunities for manufacturing development and is the second area Rogerson (2014) see potential impacts for LED. In particular the manufacturing of renewable energy production systems, solar water geysers, recycling and the production of biofuels are potential areas to exploit.

#### **4.3.5.5 The Development of Small Business**

The development of small businesses is a shared focus of both the NGP and the NDP. It is argued that a competitive economy can be achieved through the development of small business (Malefane and Sibanda cited by Rogerson, 2014).

Rogerson (2014) draws attention to the following initiatives with potential impact on LED futures:

- The Tourism Enterprise Partnership - a programme aimed at the betterment of SMMEs in the tourism sector especially in the poorer provinces.
- The elimination of red tape - in certain provinces the DTI and DCoGTA are working in a partnership to eliminate unnecessary red tape. The cost of compliance comes at a high cost to SMMEs and often limits their access to markets.
- High growth SMMEs – the importance of technology stations and business incubators is key to the development of innovative businesses and endogenous growth. The Department of Trade and Industry has a program for technology stations to accommodate closer interaction between universities and SMMEs. The technology stations aim to upgrade low technology based SMMEs to more advanced technology SMMEs. Of equal importance to the development of SMMEs is the establishment of business incubators to provide support to SMMEs in the form of skills transfer, enterprise development, supplier development, market linkages and ultimately the integration of SMMEs into the main stream economy. The Incubation Support Programme is an initiative of the DTI with the purpose to provide support to SMMEs that will contribute to giving new life to communities and the establishment of a healthy economy, locally and nationally.

According to Rogerson (2014) there is enough evidence internationally to support the notion that business incubators can be potential catalysts for LED.

Although the DTI did good work with the development and support programs for small business, the lack of a national master plan to a great extent neutralised the effectiveness of these initiatives. Xolani Qubeka, CEO of the Small Business Development Institute, said there were no coherence between the different sectors and tiers of government, which left SMME development in disarray. For these reasons and the high priority given to small business development, the South African government awarded this portfolio its own ministry (RSA, 2014). The Department of Small Business Development (DSBD) was established in July

2014. One of its first objectives was to develop a five year strategic plan and used the following priorities as guidelines (RSA, 2015a):

- To give small businesses access to procurement in the public sector through set aside instruments
- To open up private sector value chains for greater participation by small business and cooperatives
- To empower SMMEs with the right skills and training
- To improve access to funding and provide incentives to operate a business
- To provide a policy environment that is more friendly to SMMEs and co-operatives.

#### **4.3.5.6 Rural Development**

The country has its own ministry that looks after the social and economic development of rural areas i.e. the Department of Rural Development and Land Reform (DRDLR), which was proclaimed in 2009. The department developed a Comprehensive Rural Development Programme (CRDP) for South Africa with the aim to empower the rural communities so that they can use and manage local natural resources optimally and deal with rural poverty. This will be done with the support of government. The CRDP is made up of three phases i.e. meeting basic needs and access to basic services, enterprise development and lastly the establishment of village industries and access to credit facilities (RSA, 2015b).

According to Rogerson (2014), of prime importance to rural LED, is to ensure rural communities are supported and well established and in light thereof the CRDP should be taken note of.

#### **4.3.5.7 Spatial Policy Deliberation**

The fifth and last theme that according to Rogerson (2014) needs special consideration, centres on national spatial development. LED by its nature is a place-based strategy and as such plays an important role in spatial development nationally (Rogerson, 2014). Given the South African history with apartheid, there are large disparities in spatial development and infrastructure capacity between localities in urban and rural areas. There seems to be consensus that these disparities are not

equitable, are deep seated and of a structural nature (Turok, 2011). According to Swilling (2008) South Africa followed the same traditions in planning during the first decade of democracy resulting in IDPs with infrastructure development that perpetuated the “apartheid” spatial development form. There seems to be a tug of war on spatial development policy in South Africa: the NGP has a strong focus on rural development, whereas other policies of government promote Industrial Development Zones in coastal regions. According to Turok (2011) the debate however needs to go beyond addressing the legacies of apartheid and needs to embrace a better understanding of the national space economy and of production systems. The National Planning Commission (2011) argues strongly that South Africa needs a spatial vision to inform development policy, specifically with regards to:

- Addressing spatial disparities left behind by apartheid
- Breaking open the development potential of communities
- Give direction regarding infrastructure development and determination of priorities
- Managing present-day economic and demographic trends
- Enhancing cooperation between the various arms of government and other stakeholders.

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) came into operation during 2015, and has as purpose to provide a framework for spatial planning in the Republic by all spheres of government. Hopefully this Act will contribute to the development of this spatial vision.

#### **4.3.6 Policy Environment Cripples Sustainable Development**

According to Swilling (2008) local government is not effectively structured to meet the challenges for sustainable development. In order to understand this statement, one need to understand how development is governed at local government level. On the one hand we have the Municipal Systems Act 32 of 2000 as the main driver of integrated development plans (IDPs), and on the other hand we have the National Environmental Management Act 107 of 1998 (NEMA) that prescribes environmental impact assessments (EIA). None of these two policies effectively define sustainable urban development. EIAs by their very nature assume development will occur to the

detriment of ecosystems and as a result the approach and outcome is to mitigate impacts. Development per se is not challenged and the “sum of developmental local government plus environmental conservatism” does not equate to sustainable development. In order to explain his argument better, Swilling (2008) gives the example of a new housing development project that is in need of a conventional sewage treatment plant. The EIA will investigate impacts on local ecosystems, biodiversity and health considerations of the community. There is however no expectation from the people involved in the IDP, EIA or housing project to ask if the black water can be treated and reused to save water or how the nutrients from the solids and water could be captured and put to use for food production. Swilling (2008) states the supply of energy to the housing project as another example to illustrate that sustainable development is not integrated into planning. The instruction to the electrical engineers is normally not to make a proposal that will reduce the dependency and consumption of grid electricity. However, sustainable development requires that resources are utilised optimally and renewable resources are preferred above non-renewable resources. This, as far as IDPs and EIAs are concerned, is not a consideration. According to Swilling (2008), as long as municipalities conduct their business with a development-plus-impact-mitigation mentality, the inefficient use of resources will continue at great cost to the taxpayer. It makes poverty eradication more difficult to fund and does not contribute to sustainable resource use (Swilling, 2008).

#### **4.4 Conclusion**

Viewed from within the context of this study, the legislation and policy environment post 1994 made big inroads towards the protection of human rights and sustainable development. In spite the critique on the MPRDA regarding vagueness and some concepts being ill defined, there is also a strong view that more can be achieved if the regulator keeps mining companies accountable just by proper enforcement of the current legislation. The LED policies and frameworks pertaining to LED have according to Rogerson (2008) reached maturity and provides a solid platform for the orchestration of planning activities. Planners need to take note of five themes in recent legislation and policies i.e. the new economic policies (NGP and NDP), industrial development, SMME development, rural development, and the inequalities in spatial development. According to Swilling (2008) current legislation assumes

development will have negative impacts on the environment and is not sufficiently challenged to stop the over utilisation of resources. Instead there is a reliance on NEMA to ensure the negative impacts of development are mitigated. Cooperative governance and consultation processes are essential elements to ensure these policies are successful in meeting the intended objectives. Some commentators were however critical over the effectiveness of these processes.

## Chapter 5 - Case Study: The Klerksdorp Gold Field

*“When asked if I am pessimistic or optimistic about the future, my answer is always the same: If you look at the science about what is happening on earth and aren’t pessimistic, you don’t understand data. But if you meet the people who are working to restore this earth and the lives of the poor, and you aren’t optimistic, you haven’t got a pulse. What I see everywhere in the world are ordinary people willing to confront despair, power, and incalculable odds in order to restore some semblance of grace, justice, and beauty to this world”*  
(Hawken, 1994).

### 5.1 Introduction

The town of Klerksdorp is situated in the Dr Kenneth Kaunda District Municipality of the North West Province of South Africa. If one takes the N12 Treasure Route from Johannesburg and heads in a south-westerly direction for approximately 165km you will enter the City of Matlosana, as the municipal area of Klerksdorp is now called. The municipality includes the towns of Klerksdorp, Orkney, Stilfontein and Hartbeesfontein and is a category B municipality. The name Matlosana apparently stems from the years of apartheid and can be interpreted as “people helping each other to move from one area to another” (City of Matlosana, 2011).

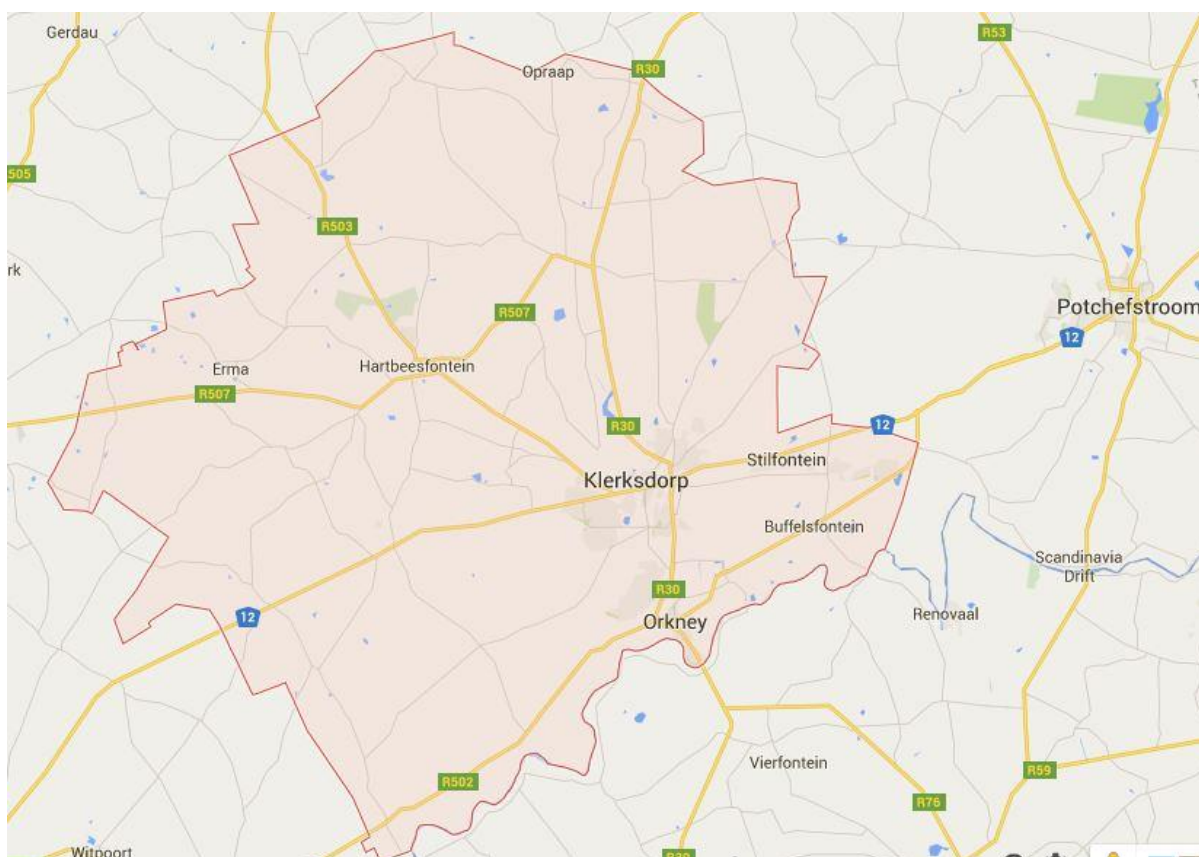


Figure 7: The Municipal area of Matlosana (source Google Maps, 2015)

The following paragraphs will give a short introduction of the rich history of this town and an overview of the current socio-economic status of the town.

## **5.2 Historical Perspective**

According to the South African Cities Network (2014) there are 4 identifiable phases when looking at the history of the City of Matlosana, namely

### **PHASE 1: Early Development as a Service Centre for the Region**

The first white settlement in Klerksdorp was on the farm Elandsheuwel and is better known today as “Oudorp”. In 1837 this area, on the banks of the Schoonspruit River which runs through town, became the home of 12 Voortrekker families. The town that developed was later named after Jacob De Clercq, the first magistrate north of the Vaal River, and called ‘Clerqsdorp’ (Bert Gaffen, cited by South African Cities Network, 2014).

Notably the town played an important supporting role in key events throughout history (South African Cities Network, 2014), with the following important moments:

- The discovery of gold in the area accelerated development to such a degree that Klerksdorp was proclaimed a town by State President Kruger on 12 September 1888.
- Klerksdorp played a big role during the Second Boer War (1899-1902). Heavy battles took place in the area and a concentration camp was erected outside the town. In 1903 (after the war) Johannes Adriaan Nesor became the town’s first mayor when Klerksdorp got municipal status (Marx, 1987)
- On 3 August 1897 a railroad between Klerksdorp and Krugersdorp came into use and in 1906 the town was also connected by rail to Kimberley.
- Further development of Klerksdorp came about with the establishing of services such as a hospital (1939), a water scheme (1940), electricity (1944), a black township (1949), municipal offices (1951) and the P.C. Pelsers airport (1964).
- Because Klerksdorp was such a fast-growing town during the 1950s and 1960s, and often argued to be the largest town in the area, the municipal council considered applying for city status in 1965 (Dunn, 1987).



## **PHASE 2: Gold Mining**

Gold was discovered in the Klerksdorp-area in 1885 by M.J. Jansen van Vuuren. Although excavation of gold in this area, as well as other small mines in the area, was successful, methods that were used soon became ineffective. A total collapse of the gold mining industry was a high probability and could have resulted in Klerksdorp becoming a ghost town (South African Cities Network, 2014).

Due to a new excavation method from Europe using cyanide (which is still being used today), the gold mining industry got a new lease on life. In 1932 larger mining companies like the Anglo American Company took over, resulting in Klerksdorp once again flourishing. This economic revival continued after World War II (South African Cities Network, 2014).

Although Orkney only became a mining town by proclamation in 1940, the excavation of gold in this area has been on-going since late during the 1880s. Simon Fraser, from the Orkney Island off the Scottish coast, had a claim on his farm Witkoppies and named this mine Orkney (South African Cities Network, 2014).

Another mining town in the area, Stilfontein, originated through a Scottish family. In 1888 Jack Scott came upon a gold reef on his farm, Strathvaal, and called it the Strathmore Reef. His son, Jack, carried on when his father died and got an option on another farm called Stilfontein (later also to become the name of the town) (Brown, 1987). The Stilfontein Gold Mining Company was registered in 1949 and production started 3 years later. The Stilfontein mine, as well as 3 other mines in the area, gave jobs to many of the residents of the village (South African Cities Network, 2014).

## **PHASE 3: Downscaling in Mining**

Between 1996 and 2001 the annual growth rate of the mining economy took a huge drop (15% lower), while the rate of employment in the Klerksdorp area was 44% lower. By 2011 the mining sector's employment decreased by another 23% and by 2013 there were only 6 operational shafts out of a historic 28 (South African Cities Network, 2014).

Some of the factors contributing to the abovementioned economic decline in mining, are (South African Cities Network, 2014):

- Depletion of gold resources which enforces mining at deeper levels. Deep mining activities lead to higher cost (electricity and shaft sinking) as well as higher risk to human resources (due to mining accidents) which eventually outweighs the income from gold production.
- A change in the gold mining industry from that of a primarily South African oriented one to an industry with a growing international shareholding. The role of secondary functions such as sports clubs in the mining environment are diminishing and losing their importance.
- Changes in the labour system from one that ran on low wages and migrant workers to a system where wages are highly regulated by legislation. The high cost of wages for a big workforce now became one the main contributors to escalating operational cost and declining viability.

#### **PHASE 4: Establishing a More Diverse Economy in the Area**

Previously the towns in the Klerksdorp area, each functioning under their own municipality, were collectively known as KOSH (Orkney, Stilfontein and Hartebeesfontein being the other 3 municipalities). On 1 July 2005, a single body by the name of the City of Matlosana, incorporating all these municipalities, came into effect. The slogan, City of People on the Move, contributes to attempts to diversify the economy of Klerksdorp by developing in other areas than mining (South African Cities Network, 2014).

Klerksdorp already has excellent schools, hospitals and shopping centres that attract people from smaller towns in the region. Current and future development in the City of Matlosana, be it industrial, commercial or in tourism, is mainly focused in the Isago @ N12 Treasure Route. Both the district and local municipality invest time and effort to promote the N12 corridor as an investment opportunity in an attempt to diversify the economy and establish Klerksdorp as the economic centre of the region. The initiative may have merit, but given the current status of mining it should be questioned whether this should not have started long ago (South African Cities Network, 2014).

### 5.3 Current Status and Planning

Although the economy in the Klerksdorp area showed a decline in recent history, local government and the business sector stays positive about the future of this “City of People on the Move”. The following paragraphs review changes in the demographics, the economy and the local authority of the city over the period 1996 to 2011 (South African Cities Network, 2014).

#### 5.3.1 Change in Demography / Population

Population as well as household growth shows a decline over the period 1996 to 2011 (as seen in Figure 8) with household growth declining at a more rapid pace to a 0% yearly growth rate by 2010 compared to the decline in population growth to 0,75% per annum at the same time (Maxim, 2012).

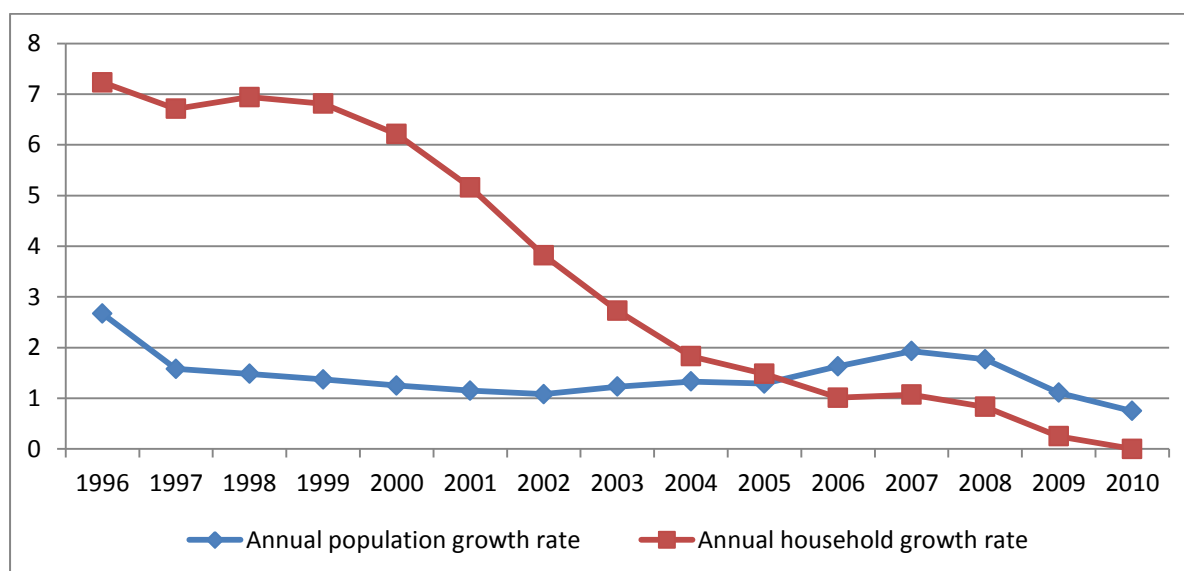


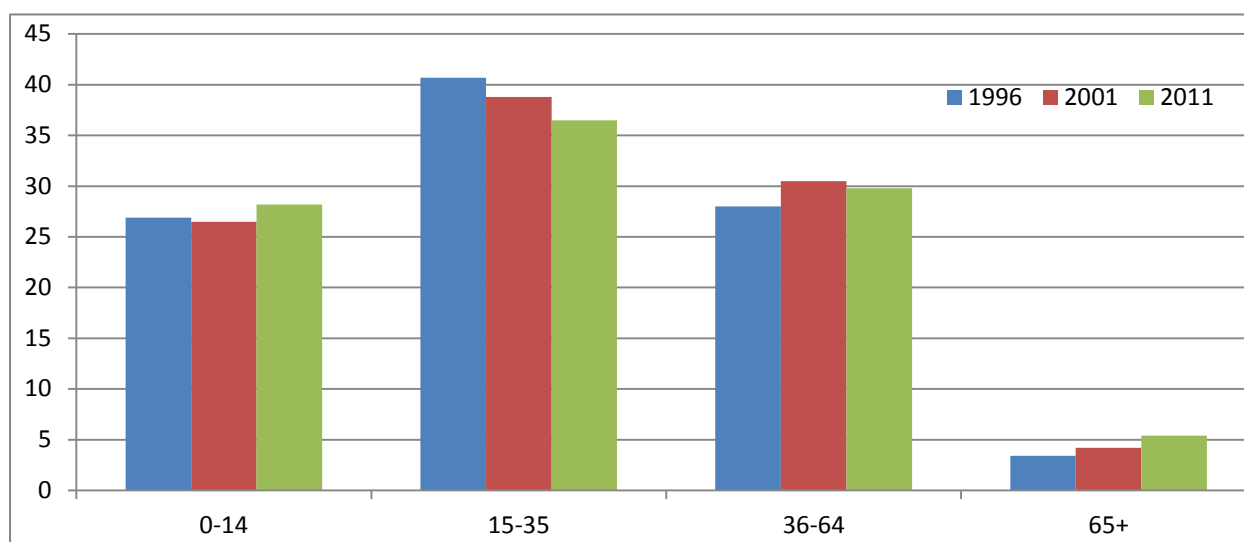
Figure 8: Population and Household Growth, 1995 to 2010 (Source: Demacon Ex Quantec cited by Maxim, 2012)

The City of Matlosana has a population of 398 676 (2011) and accounts for 57% of the population of Dr Kenneth Kaunda District Municipality and 11% of the population of the Northwest Province. Of the surrounding townships Jouberton (28,5%), Kanana (19,7%) and Khuma (11,5%) make up the biggest concentration (total 59,7%) of the population in the area (South African Cities Network, 2014)

The City of Matlosana shows positive population growth of 1,2% for the period 1996 to 2011, which correlates with natural population growth. Also indicated by these population figures is the fact that no huge outflow of people occurred since early in the 1990s, despite the big economic decline over this period (South African Cities

Network, 2014). This is an important observation as it is contrary to what happened in the Free State Gold Fields, where there was a marked drop in population from almost 500 000 (1991) to 380 000 (2010) (Marais, 2013a).

In 2011 the population of the City of Matlosana was represented by the following groups: Black Africans 81%, whites 14,5%, the coloured community 3,5%, and



**Figure 9: Age profile of the City of Matlosana (1996 to 2011) (source South African Cities Network, 2014)**

Indian / Asian 0,8% (Statistics South Africa, 2011). A higher concentration of the Indian and coloured population is observed in the traditional residential areas of Manzilpark and Alabama respectively. White populated areas (Klerksdorp Town and Hartebeesfontein) are surrounded by townships that accommodate mostly African residents. Segregation in the two mining towns of Orkney and Stilfontein is significantly lower than in other residential areas in that there is a more even distribution of white and African residents. This may be a result of a decrease/downscaling of mining activities (South African Cities Network, 2014).

Figure 9 shows the economically active age group of 15 to 64 years to be 66,3% of the total population in the City of Matlosana Municipal area (Maxim, 2012). What should be noted is a decline in the age group 15 to 35 years. When one compares these statistics to that of Rustenburg one sees a more or less similar pattern. In Rustenburg the economic active group is however slightly higher and the number of dependents slightly less. The active population furthermore grew by almost 300 000 since 2001 and can be attributed to the sharp increase in platinum mining over this period. These observations may be indicative that migration is taking place

between mining towns in the North West and there is anecdotal evidence to suggest that a small yet notable percentage of the the population in Matlosana can be linked to the platinum belt. The increase in the population group 65 and older may also suggest that the area is linked to a retirement characteristic associated with the contraction of mining activities (South African Cities Network, 2014).

### **5.3.2 Social Change**

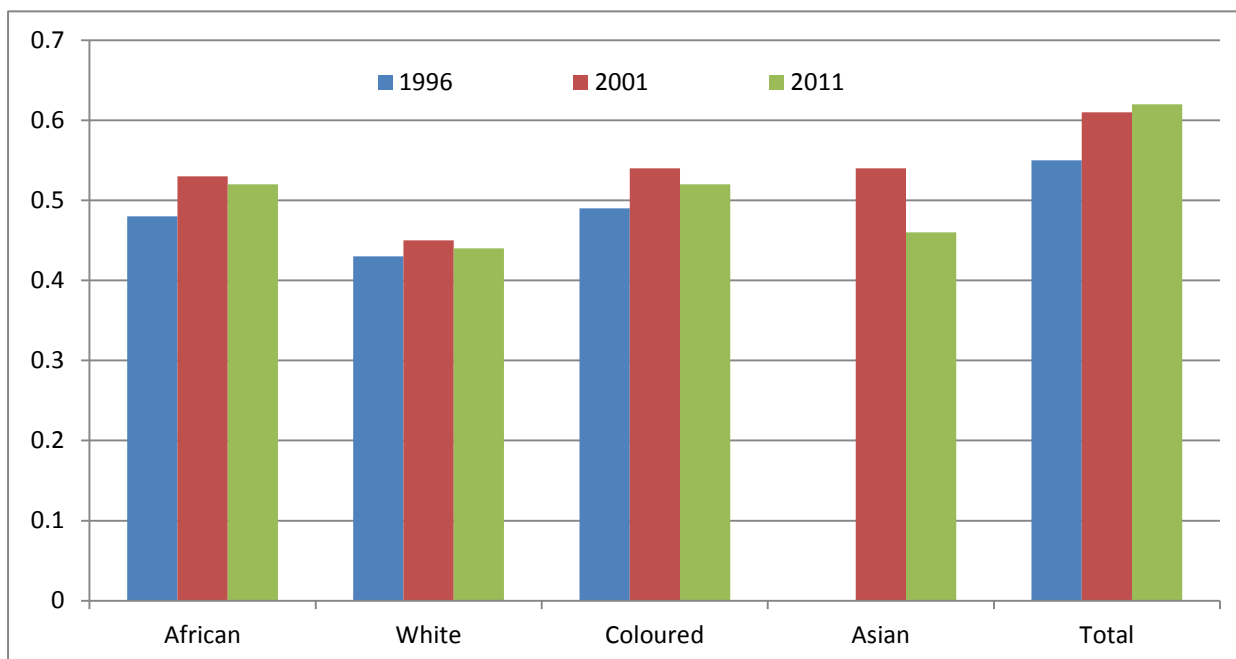
#### *Poverty*

There are a large number of NGOs in the City of Matlosana but with nothing extraordinary to report on. For the most part the non-profit organisations are focused on welfare among the poor, caring for the disabled or the aged, or early childhood development establishments. Over a period of 15 years (1996 to 2011) the number of people living in poverty in this municipality almost doubled from 118 865 to 212 892. In 1996 the population living in poverty in the City of Matlosana made up 9,3% of the population living in poverty in the North West Province. By 2011 this statistic has risen to 13,8%, which indicates a more rapid economic decline in this area than in the rest of the province (IHS Global Insight Data cited by South African Cities Network, 2014). This can be seen as a direct result of downscaling/closing of mines (South African Cities Network, 2014). Annual reports show sharp increases in the number of indigent households in the City of Matlosana Municipality from 31,14% in 2008 to 52% in 2012 (City of Matlosana, 2012). Although marginally higher in 2013 at 53% its seems the figure is stabilizing (City of Matlosana, 2013)

#### *Inequality*

The Gini coefficient is a measure of inequality of distribution (in this case income inequality). It is defined as a ratio with values between 0 and 1 where, 0 corresponds to perfect income equality (i.e. everyone has the same income) and 1 corresponds to perfect income inequality (i.e. one person has all the income, while everyone else has zero income) (Oxfam, 2014).

Figure 10 shows a lower (0.44) income inequality distribution for the white and a higher (0.55) distribution for the African population of the City of Matlosana. In other words income among the white population is more evenly distributed than among the other racial groups. As a whole the population of this municipality shows an income distribution of around the 0.6 mark which has risen slightly (0,55 to 0,62) over the period shown. This correlates with the Gini coefficients of the North West Province and South Africa in 2011 (IHS Global Insight Data cited by South African Cities Network,

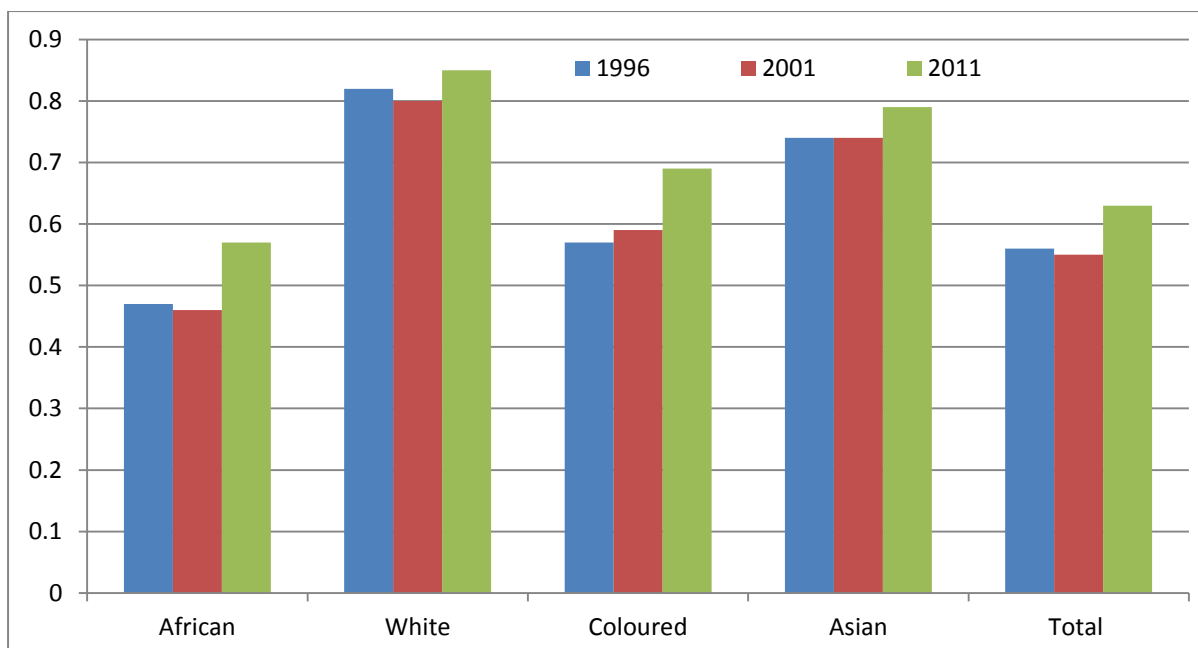


**Figure 10: Comparison of Gini-coefficient of racial groups in Matlosana in 1996, 2001 and 2011 (source South African Cities Network, 2014)**

2014). To put these coefficients in perspective it should be noted that South Africa is one of the most unequal countries in the world (Oxfam, 2014).

### *Human Development Index*

The Human Development Index (HDI) is a measure developed and used by the United Nations to measure and determine levels of social and economic development of a country or a part thereof. This is based on the health of people (life expectancy at birth), their level of education attainment (expected and mean years of schooling) and their standard of living (gross income per capita). A HDI closer to 1 indicates higher levels of human development while closer to 0 shows lower human development. The HDI allows for tracking and comparison of changes over time (Investopedia, 2015).



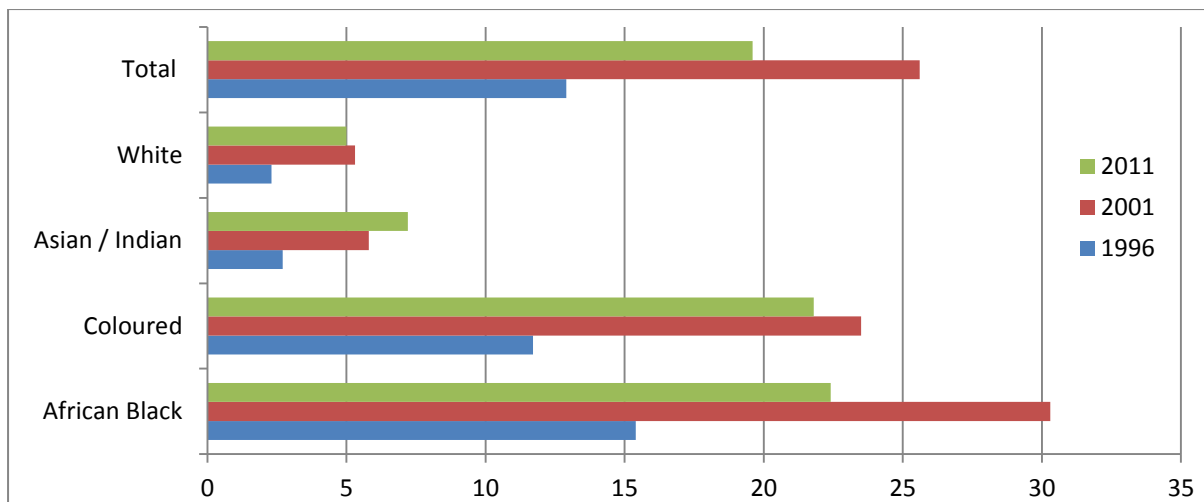
**Figure 11: HDI comparison of racial groups in the City of Matlosana Municipality in 1996, 2001 and 2011 (Source: IHS Global Insight Data Cited by South African Cities Network, 2014)**

As can be seen in Figure 11 the white population in this municipal region has the highest HDI (0,85) showing higher levels of human development. The Asian population follows closely with 0,79, but there is a substantial difference to the HDI's of the coloured and African population of 0,69 and 0,57 respectively (IHS Global Insight Data cited by South African Cities Network, 2014).

What is however an important observation, is that the HDI of all the racial groups have increased between 1996 and 2011, despite total economic decline over the same period of time (South African Cities Network, 2014).

### *Unemployment*

The unemployment rate of Matlosana was approximately 19,6 percent in 2011 (see Figure 12). This is higher compared to the North West Province (17,1%), but lower than the average of South Africa (25%) (South African Cities Network, 2014).



**Figure 12: Unemployment status of City of Matlosana (1996, 2001, and 2011 comparison) (source South African Cities Network, 2014)**

Note the sharp increase in unemployment over the period 1996 to 2001, but then unemployment decreases in the following period in spite of a decline in the economy. The unemployment rate amongst the Coloured and Black populations is much higher than in the Asian and White population. The worst hit communities as far as unemployment is concerned, is Kanana (28.1%), Khuma (29.5%) and Alabama (26%) (South African Cities Network, 2014).

An analysis of the occupational profile of employed people shows that the majority (44.6%) are employed in elementary occupations, machine operators and trade workers. A large number of those employed are professional people (16%) (Maxim, 2012).

### 5.3.3 Economic Review

In the preceding paragraphs interesting and arguably surprising observations were made if one considers the dramatic downscaling of mining operations in the area over the past 20 years, such as: the population growth rate that declined, but unlike that of Welkom (Free State Goldfields) never ended up in the negative; a decline in the HDI and employment over the period 1996 to 2001, but a reversal of the trend up to 2011. This is in spite the fact that out of 28 operating shafts only 6 are still operational (Jacobs, cited by South African Cities Network, 2014). There still is an over reliance on mining in the region and although there are promising growth in other economic sectors, it is unable to offset job losses in the mining. In order to mitigate this vulnerability it is imperative to diversify the current economic base



(South African LED Network, 2013). The following paragraphs endeavour to provide an overview of the economy of Matlosana, in an effort to put these issues into perspective.

The importance of the economy of Matlosana to the district is shown by the two pie charts in Figure 13 (Maxim, 2012).

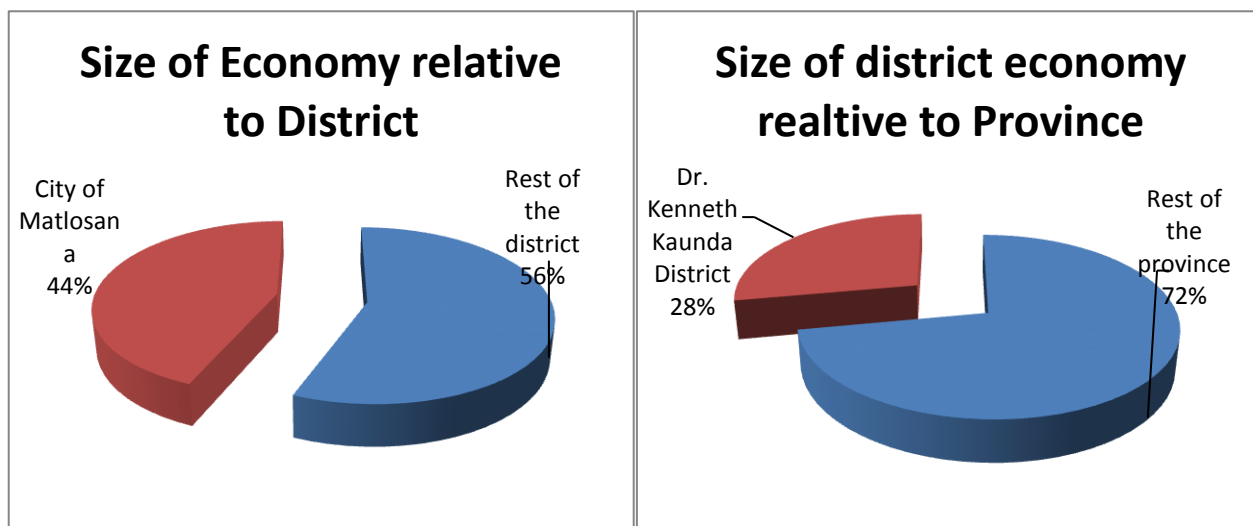


Figure 13: Size of economy, 2010 (GVA at basic prices) (Source: Maxim, 2012)

The economy of the City of Matlosana can best be explained by the 10 economic sectors it comprises of. Based on the 2011 data the Services sector made up more

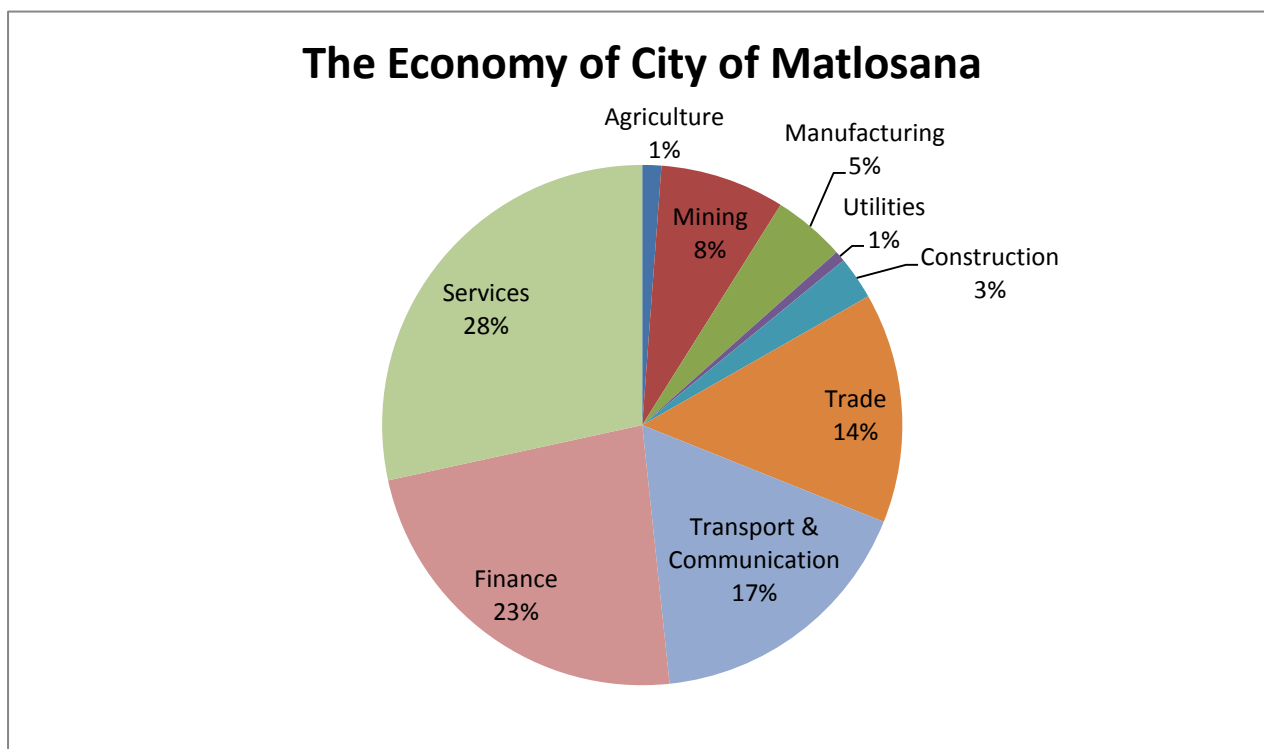


Figure 14: The contribution (%) of economic sectors to the economy, 2011 (real values, GVA) (Source data IHS Global Insight 2013 cited by South African Cities Network, 2014)

than a quarter of the economy and is followed by substantial contributions from the Financial, Transport and Communication, and Trade sectors (see Figure 14). Mining only contributes 7,75 percent to the local economy (whereas mining in the province contributes 28,79 percent). Figure 14 gives a snapshot of the current status (2011), but to obtain a better appreciation of the dynamism of the economy one needs to review it over a period of time. Figure 15 shows how the relative contributions from the various sectors changed with the contraction of mining operations in the area.

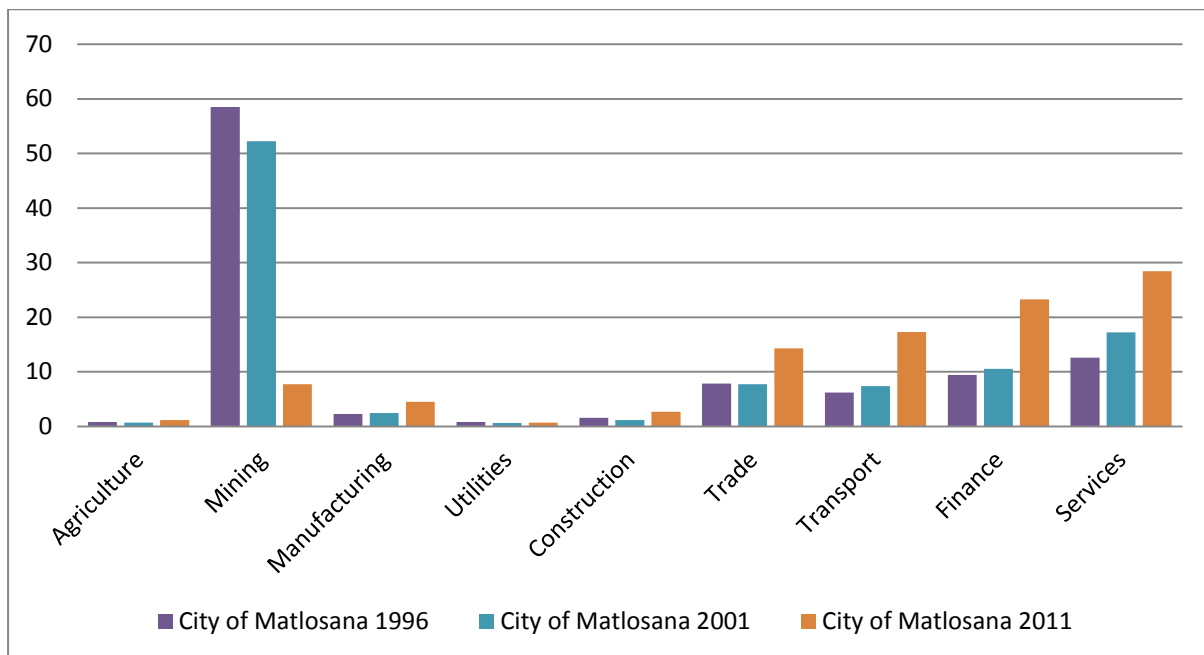


Figure 15: Economic contribution per sector over time (Source: South African Cities Network, 2014)

Mining, as an economic sector, contributed 58,48% to the economy in 1996 and today, almost 20 years later, contributes only 7,75%. As mentioned previously, a number of factors contributed to the decline in production. These include a lower gold price, increased mechanisation, the physical depletion of ore reserves (Centre for Development Support (CDS), 2006), a lack in foreign investment (Harington, McGlashan & Chelkowska, 2004) and escalating production costs (Williams, 2015). The labour system furthermore changed to give workers more protection and basic working conditions. Labour union problems and events in Marikana in 2012 put a further strain on the mining industry. It also had a declining effect on share prices of mining companies, limiting capital investments into new developments. All the other economic sectors in the province maintained their contributions to a large extent.

Surprisingly, the contribution from Agriculture is barely noticeable at 1%. Agricultural land near the mines in the area have been bought out by mining companies as a prevention measure (because of the high risk of pollution through mining activities) and can possibly explain the low contribution. Development of the N12 Route linking Gauteng and Cape Town (as the only alternative route to the N1), as well as forming part of the main export routes to Namibia and Botswana, will probably see the transport sector in this municipal area contribute more to the economy over the next few years (South African Cities Network, 2014)

**Table 9: City of Matlosana economic growth in comparison to the Province and South Africa (constant 2005 figures, GVA) (source: South African Cities Network, 2014)**

	GVA 2005 constant figures (Rands)			Annual rates of growth / decline		
	1996	2001	2011	1996–2001	2001–2011	1996–2011
Agriculture	115 720	79 607	111 185	-7,2	3,4	-0,3
Mining	8 552 846	6 074 988	728 510	-6,6	-19,1	-15,1
Manufacturing	334 098	281 966	423 020	-3,3	4,1	1,6
Construction	231 946	133 979	250 793	-10,4	6,5	0,5
Utilities	118 036	71 907	61 680	-9,4	-1,5	-4,2
Trade	1 151 518	899 957	1 343 574	-4,8	4,1	1,0
Transport	905 470	856 162	1 622 342	-1,1	6,6	4,0
Finance	1 373 983	1 222 088	2 187 098	-2,3	6,0	3,1
Services	1 840 695	2 003 134	2 669 593	1,7	2,9	2,5
Total	14 624 312	11 623 788	9 397 796	-4,5	-2,1	-2,9
North West	66 596 647	67 267 864	92 029 479	0,2	3,2	2,2
SA metros	595 946 896	708 520 914	1 051 872 917	3,5	4,0	3,9
SA	1 044 970 331	1 191 041 813	1 700 825 798	2,7	3,6	3,3

Some observations that should be noted from Table 9 are:

- There was a positive economic growth rate in the metros (3,9%), the province (2,2%) as well as in South Africa as a whole (3,3%) between 1996 and 2011.

In this same period, however, the City of Matlosana showed a negative growth rate of -2,9% which means that their economy shrunk by 36% over a period of 15 years.

- The negative growth rate of -6% in the mining sector during the period from 1996 to 2001 rapidly worsened over the following 10 years to a rate of -19,1%, which left the mining sector showing -15,1% growth in its economy over a period of 15 years.
- Having to cut down on construction projects due to downscaling in mining had an immediate negative effect on the economic growth in this sector during the first period, but not so during the second period. This resulted in an overall positive growth rate of 0,5% in the construction sector between 1996 and 2011.
- The utilities sector was similarly affected by mine downscaling. Although there was a growth rate of -4,2% over the 15 years, the economy in the sector fared much better during the second period than directly after the decline in mining started.
- A similar pattern of economic decline as a result of mine downscaling (1996-2001) and growth (2001-2011) can be seen in the other sectors.

From the results in Table 8 it is clear that the economy of the municipality of the City of Matlosana is growing, although decline in mining is ongoing. Factors contributing to this may be:

- Expanding medical care facilities and schools in the area. Three new private hospitals were built during the 1990s and the mining hospital has been privatized. Private schools and other “high paying” schools became more readily available. Through these facilities Klerksdorp has been placed on the map as a town with influence over a wider distance.
- Employment in platinum mines in the north, with people commuting between the City of Matlosana and Rustenburg on a daily/weekly basis. Some of the lower income workers also moved from the area to the platinum mines.
- The City of Matlosana being seen as an extension of the West Rand in a 20 year review.
- Being situated on the N12. As a second connecting road between Gauteng and Cape Town and a major export route to Namibia and Botswana, the N12 has been a major factor in the economic growth of the area.

## 5.4 Mining Companies

There are four prominent mining companies: Village Main Reef, AngloGold Ashanti, Shiva Uranium and CAPM, active in the Matlosana Municipal Area. AngloGold Ashanti (AGA) has a global footprint and the biggest of the four in the local context. With the exception of AGA, the companies have in recent years changed ownership frequently and are not without controversy. CAPM is a relative new company and as such its historic performance in terms of its SLP could not be assessed. These companies will be discussed in more detail in the following paragraphs.

### 5.4.1 Village Main Reef

Village Main Reef (Village) (2014) is a mining and resources investment company that is based in South Africa. In Village's stable are Tau Lekoa Mine, the South Gold Plant, Lesego Platinum, Cons Murch Mine, and Buffelsfontein Gold Mine. Tau Lekoa Mine is situated close to Orkney while Buffelsfontein Gold Mine (BGM) is based near Stilfontein. The other assets are outside the Klerksdorp area (Village, 2014). A Chinese private equity firm, Heaven-Sent Capital Management Group, bought Village Main Reef effective of 1 June 2015 (Mosala, 2015).

#### 5.4.1.1 Tau Lekoa Mine



Photo 1: Tau Lekoa Mine (Source: Wikimapia, 2011)

Tau Lekoa Mine is situated on the banks of the Vaal River and its name in Sotho means "Lion of the River". Shaft sinking started in 1985. It has twin shafts to access

the underground workings: one shaft is used to transport men and material and the other ventilation and ore. A unique feature of the mine is that it uses hydropower for drilling and cleaning operations (Wikimapia, 2011). Tau Lekoa is a low grade operation but shows a profit contribution (see Table 10). The company reports that the available ore reserves will be sufficient to sustain mining for the next seven to eight years (Village, 2014).

**Table 10: Tau Lekoa Mine performance summary**

	<b>Units</b>	<b>2014</b>	<b>2013</b>
Yield	g/t	3.91	3.88
Production	Kg	3 436	3 304
All in sustainable Cost	R/kg	348 211	328 574
Operating profit	Rm	350	490
Capital expenditure	Rm	70	94
Number of employees (including contractors)		3 147	3 270

(Source: Village, 2014)

Since 2010, the mine changed hands 3 times. The time line and mining companies involved are listed in Table 11.

**Table 11: Tau Lekoa Mine change in ownership since 2005**

<b>YEAR</b>	<b>MINING COMPANY</b>
Before 2010	AngloGold Ashanti
2010	Simmer and Jack (2015b)
2011	Village Main Reef (JSE SENS, 2011)
2015	Heaven-Sent (Mosala, 2015)

The projects in the 2015 / 2019 SLP for Tau Lekoa Mine are listed in Table 12. The agricultural project was a project started with BGM but due to the closure of the mine and vandalism and looting by illegal miners, the project had to be closed.

**Table 12: SLP projects of Tau Lekoa Mine**

<b>PROJECT NAME</b>	<b>DESCRIPTION</b>	<b>BUDGET</b>	<b>CLASSIFICATION</b>
Ikageng School for disabled children	Renovations and add additional classrooms	R756 250	Infrastructure

PROJECT NAME	DESCRIPTION	BUDGET	CLASSIFICATION
Textile Hub	Training programme and business development	R346 000	Income-generating
Farm Re-establishment	Carried over from BGM SLP. Agricultural project to do commercial farming.	R360 000	Income – generating
Feeding Schemes	Training will be provided to NGOs in the KOSH area on basic food hygiene and safety.	R40 000 per month	Social Responsibility
Enterprise Development Centre (EDC)	Centre to provide training, mentoring and basic services to SME's	R1 200 000	Infrastructure

Some of these projects were carried over from the 2011 – 2014 SLP but is now nearing completion as can be seen in the photos below.



Photo 2: EDC office in Stilfontein



Photo 3: Renovations for EDC / Textile Hub in progress

#### 5.4.1.2 Buffelsfontein Gold Mine

Buffelsfontein Gold Mine (BGM) comprised of two assets i.e. Buffelsfontein Mine and Hartebeesfontein Mine. These mines commenced operations in 1954 and 1955 respectively (Minxcon, 2011). The assets were owned by DRDGold and were managed as its North West Operations. On the 9 March 2005 an earthquake hit the Klerksdorp / Stilfontein area and caused major damage to underground work places and haulages. No 5 Shaft of Hartebeesfontein Mine was destroyed and underground safety conditions at Buffelsfontein Mine presented huge operational

challenges. Two miners lost their lives and 23 were injured during the ‘quake at Hartebeesfontein Mine. Less than two weeks later the company applied to be placed under provisional liquidation (Swift, 2006). The sudden closure had a traumatic effect on all affected parties. The then CEO Wellisley-Wood would later reflect (Swift, 2006):

“... nothing could have prepared any of us for the vilification we faced, and the singular lack of support from virtually any quarter, when – to save our company for the sake of most of its employees, all of its shareholders and many, many other stakeholders – we took the heart-breaking decision to seek provisional liquidation of the North West Operations. Twenty months later, I confess that it is still difficult for me personally to look dispassionately on the weeks and months of unpleasantness that followed. But I firmly believe that the concept of ‘closure’ is important to people and organizations alike...”

Simmer and Jack acquired the assets in October 2005 and restarted mining operations (Minxcon, 2011). Table 13 shows the changes in ownership since 2005.

**Table 13: Change in ownership of BGM**

<b>YEAR</b>	<b>MINING COMPANY</b>
Before 2005	DRDGold (Minxcon, 2011)
2005	Simmer and Jack (Minxcon, 2011)
2011	Village Main Reef (JSE SENS, 2011)
2015	Heaven-Sent (Mosala, 2015)

In 2013 BGM incurred a R200m loss (Seccombe, 2014). After 60 years, the mine effectively reached the end of its life (Seccombe, 2014) and was placed on care and maintenance in August 2013 (Village, 2014). Three thousand employees lost their jobs (Seccombe, 2014). The rehabilitation trust fund was R147m strong and rehabilitation has already commenced at the mine (Village Main Reef, 2015a). It is the intention to return the site to its original state prior to the start of mining operations in the early 1950s (Seccombe, 2014). Efforts to find alternative use for office buildings and workshops come to naught as illegal miners (zama zamas)

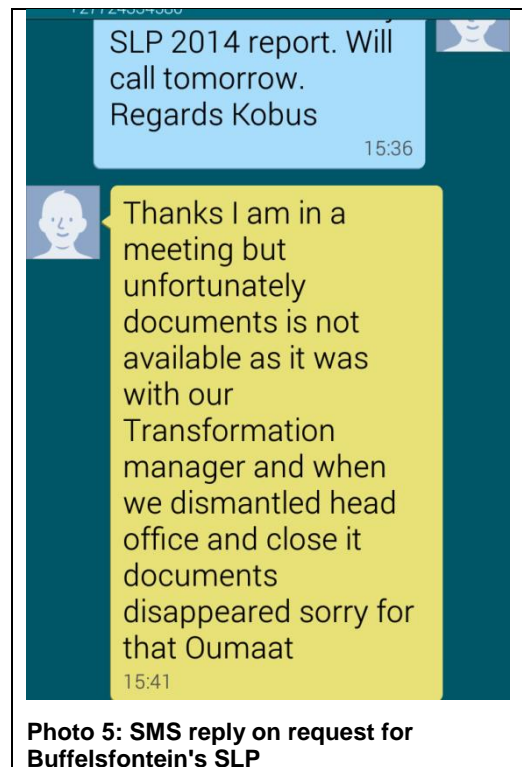


moved in and vandalised the infrastructure to such an extent that it was safer to demolish the buildings than to salvage them (Seccombe, 2014). The company was losing up to R50m a month as a result of the illegal looting (Cilliers, 2015b)



**Photo 4: Zama zamas looting Buffels Gold Mine in Stilfontein (Cilliers, 2015a)**

According to the 2014 Integrated Annual Report (Village, 2014) “unforeseen external issues” and production interruptions are the reasons why the local economic development project commitments as per the SLP, could not be fulfilled. These projects, according to the report, were transferred to the City of Matlosana to ensure its continuation. Efforts to obtain a copy of the SLP from mine officials or the Company’s Public Relations department failed to deliver any results. The closest to an answer was an SMS saying the SLP got lost during the handover (see Photo 5). LED officials at the City of Matlosana could also not provide a copy of the document or give me any more details.



**Photo 5: SMS reply on request for Buffelsfontein's SLP**

In 2012 I visited the agricultural project that was mentioned earlier in the SLP of Tau Lekoa. At that time the project was still doing well, but came to a stop soon after the company stopped operations in 2013, in spite of promises of continued support. Water supply was frequently interrupted and the project eventually also had to close.

## 5.4.2 Shiva Uranium

### 5.4.2.1 Background

The mine is situated approximately 20 km southeast of Klerksdorp and near the town Hartbeesfontein. Gold was discovered in 1886 on the farm Rietkuil and operations started during 1888. The mine changed hands several times since it started. In the more recent past, in 2005, Uranium One, a Canadian listed company, started mining for uranium at the Rietkuil and Dominion Shafts (Kings, 2015; Shiva Uranium, 2014). Unable to run the operations profitably, Uranium One placed the mines on care and maintenance in 2008 (Amabhungane, 2014; Kings, 2015). Four thousand employees lost their jobs and the small town of Dominionville lost its main source of income (Kings, 2015). In 2010 Oakbay Investments, a company owned by the Gupta family, together with Action Group formed a partnership, Oakbay Resources and Energy (ORE) and bought a controlling share in Uranium One. A name change followed and the operations were called Shiva Uranium (Pty) Ltd (Kings, 2015). The transaction was partly funded with a loan of R250m from the Industrial Development Corporation (IDC) to ORE (Amabhungane, 2014). A black



Photo 6: The Agricultural Project at Buffelsfontein Mine



Photo 7: Shade-net structure for the production of vegetables (1x hectare)



Photo 8: Beneficiaries busy with daily maintenance

economic empowerment group owns 26% of Shiva Uranium (Kings, 2015; ORE, 2014). This group includes Mabengela Investments owned by Duduzane Zuma, son of President Jacob Zuma, and Umkhonto weSizwe War Veterans' investment arm. In August 2010 Shiva Uranium started producing gold again and in 2011 produced its first uranium (Kings, 2015). Amabhungane (2014) reports that, according to the financial statements of ORE, the company was also not able to make a sustained profit at Shiva Uranium. The IDC loan should have been repaid by April 2013, but according to the financial statements for the year ending February 2014, only R20m has been paid back and the outstanding amount with interest has accrued to R399m. In 2014 ORE listed on the Johannesburg Stock Exchange. Prior the listing, an agreement was negotiated with the IDC to restructure the loan. According to this agreement the IDC obtained a small share in ORE (3,6%) at a price of R257m. The remainder of the loan must be paid back by 2018. In the newspaper article "Another state bonanza for the Guptas", Amabhungane (2014) is sceptical of the valuation of the shares awarded to the IDC. The shares seem to be overvalued to the benefit of the Guptas and he also reports on other incidences where the Guptas benefitted from dealings with state entities (Amabhungane, 2014).

#### **5.4.2.2 Environmental Compliance**

A specialist report that was submitted as part of the listing of the company indicated that mining operations commenced without obtaining the required environmental permissions to do so. The report found that what was planned and what happened on the ground is not aligned with the EIA or the EMP. This implies that the mining activities that are being performed are not allowed in terms of the EMP and arguable to worst deviation of the plan is the open-cast gold mining operations (Amabhungane, 2014).

#### **5.4.2.3 Local Economic Development Projects**

The company was not responsive to any of the telephone calls or emails requesting information on the company's SLP. On the company's website, the projects listed in Table 14 are however reported (ORE, 2014).

Table 14: CSR projects listed on the ORE website (ORE, 2014)

PROJECT	DESCRIPTION	CLASSIFICATION
Skills development program	Training facility to train members of the Tigane community basic mining skills	CSR
Tigane Agricultural Project	12 agricultural tunnels operated by 11 beneficiaries from Tigane	CSR
Tigane Brickmaking Project	The project manufactures and supplies local markets with stock, maxi, paving and block bricks. It is a joint initiative from ORE, Social Development and City of Matlosana	CSR
Local police development program	Awarding Policemen for good performance in an effort to improving policing standards	CSR
Waste Management	Two initiatives are listed: <ul style="list-style-type: none"> <li>- The material from wasted rock dumps are crushed and used for road construction</li> <li>- Bio-fuel is manufactured on site and used by the company</li> </ul>	CSR
Semogare Community Development	Agricultural project with 6 beneficiaries	Mining community development
Community skills development	Program aimed at youth development with the objective to make them more employable at mining companies. Training is provided on Dump truck operation, LHD operation, Excavator operation and Front end loader operation.	Mining community development
Bakang Primary School	Renovations of the school including a new supply of water, ablution facilities, upgrading of IT connectivity, painting and other repairs.	Infrastructure development
Economic Development Centre	The centre will support smme development and provide support to entrepreneurs from Tigane. It is a partnership initiative with City of Matlosan	Infrastructure development

If I had the opportunity to ask questions, I would have asked why the company lists projects on its website that are not operational anymore and according to their partner, the City of Matlosana, has not been operational for some time. Photo 9 and Photo 10 are from the ORE website (2014) while Photo 11 and Photo 12 were taken at a site visit on 30 July 2015. I also would have asked for clarity concerning the

Economic Development Centre that is supposed to provide SMME support and training. I suspect that ORE will only do the building renovation for a satellite office of the Enterprise Development Centre, which AngloGold Ashanti is doing in partnership with the City of Matlosana. Contrary to what the website claims, no renovations have been done to date (October 2015).



**Photo 9: Tigane agricultural project as per ORE website (2014)**



**Photo 10: Tigane Brickmaking project as per ORE website (2014)**



**Photo 11: Tigane agricultural project on 30 July 2015**



**Photo 12: Tigane brickmaking project on 30 July 2015**

My visit to the Semogare Cooperative revealed that ORE provides the land, water, electricity and a stipend for the workers. The cooperative however needs more training according to the chairperson of the Cooperative. The cooperative has a contract with two schools to provide them with



**Photo 13: Semogare Cooperative an agricultural project supported by ORE**

spinach.

### **5.4.3 China Africa Precious Metal (Pty) Ltd**

#### **5.4.3.1 Background**

The mine is situated in Orkney and falls under the City of Matlosana Local Municipality. The mine consists of seven shafts and is currently not operational. The mine plans to restart Shaft 6 and 7 in 2015, Shaft 1 in 2017, Shaft 4 in 2018 and Shaft 2 in 2019. Shaft 3 and 5 will be decommissioned as it is not deemed viable to continue mining operations at these shafts. The initial production capacity is estimated at 20 000 tons per month and will be increased to 80 000 tons per month (CAPM, 2015).

The recent history of the mine is described by Du Plessis (2015) as a human tragedy. Harmony Gold was the owner of the mine until 2007, when the assets were acquired by Pamodzi Gold. During April 2009 Pamodzi Gold was placed in provisional liquidation (Janse van Vuuren, 2013). Aurora Empowerment Systems (Aurora) was appointed by the controversial liquidator, Enver Motala, to manage the Pamodzi mines in the East Rand and Orkney. This appointment was highly controversial as Aurora had no capital or any mining experience that would qualify them for this responsibility. As a result 5 300 employees lost the jobs; the directors of Aurora stripped the assets and sold it as scrap; R122m of gold was sold but no one knows where the money went; and the contributions deducted from employee salaries for the pension fund, unemployment fund and income tax also disappeared. The damages to mine assets were estimated at R1,7 billion (Du Plessis, 2015). The legal battle to get some justice was long and drawn out and the directors of Aurora seemed to be untouchable. The reason for this, according to Du Plessis (2013) can be found in the identity of the Aurora director's i.e. Michael Hulley, the personal legal advisor to President Jacob Zuma; Khulubuse Zuma, President Zuma's cousin; Zodwa Mandela, the grandchild of Winnie Madikizela-Mandela and the late Nelson Mandela; and Solly and Fazel Bhana, close comrades to Winnie Mandela.

In August 2011 CAPM was appointed as the new preferred bidder for the Orkney assets. In March 2013 CAPM paid the liquidators of Pamodzi Gold to acquire the Orkney assets (Janse van Vuuren, 2013).

### 5.4.3.2 Local Economic Development Projects

As the mine only recently started, there is no historical performance to verify. Table 15 provides a list of projects for the 2015 – 2019 SLP period.

Table 15: CAPM SLP for 2015 - 2019

PROJECT NAME	DESCRIPTION	CLASSIFICATION	BUDGET
Multi-purpose centre for Orkney	Centre for use by community groups for youth / women development, ABET and funerals	Infrastructure	R2 030 000 over 5 years
School Infrastructure Project	Renovations to schools in the area in need of electricity, water, sanitation, additional classrooms or library	Infrastructure	R804 829 over 5 years
School garden and feeding project	The aim is to provide food security by assisting schools with basic training to develop and manage their own food gardens	Social Responsibility	R276 000 over 5 years

When I read through the list of SLP projects, it struck me that Orkney just built a new community hall and that the multi-purpose centre would be a duplication. It was strange to me that the CMLM LED did not point this duplication out. When I asked the SLP coordinator about this, he confirmed that the SLP was not signed off by the LED department and that he was not aware that it is compulsory to do so.

### 5.4.4 AngloGold Ashanti (AGA)

#### 5.4.4.1 Background

AGA has its headquarters in Johannesburg, but has 20 operations across the globe in 10 countries. In South Africa there are three operations in the Gauteng Province and three in the North West Province, of which the latter are all situated in the Matlosana municipal area. The Vaal River (VR) Operations, as this area is commonly referred to, is situated approximately 15km south of Klerksdorp, 10km east of Orkney and 10km west of Stilfontein. The operating shafts are Great Nologwa Mine, Moab Khotsong Mine and Kopanang Mine (AngloGold Ashanti, 2015c). Great

Noligwa Mine is nearing the end of its productive life. As of 1 January 2015 the mine is managed from its sister mine, Moab Khotsong (AngloGold Ashanti, 2015a).

The production performance of the Vaal River Operations can be seen in Table 16

**Table 16: AGA Vaal River Operations production performance (AngloGold Ashanti, 2015a)**

	<b>Units</b>	<b>2014</b>	<b>2013</b>
Yield	g/t	13,54	13,02
Production	Kg	14 058	14 711
All in sustainable Cost	\$/oz	1, 061	1,249
Number of employees (including contractors)		18 375	

No change of ownership took place in the recent past. In 2012 AGA acquired Mine Waste Solutions, a surface operation that treats old tailings facilities (AngloGold Ashanti, 2015b). The life expectancy of Kopanang and Great Noligwa is less than five years while Mine Waste Solutions and Moab Khotsong are expected to remain productive for the next 25 years.

#### **5.4.4.2 Local Economic Development Projects**

At a Future Forum meeting the AGA reported that the projects shown in Table 17 have been completed in the 2010 / 2014 SLP period.

**Table 17: AGA Vaal River SLP projects completed (2010 - 2014)**

<b>SLP PROJECTS</b>	<b>CLASSIFICATION</b>	<b>TOTAL BUDGET</b>
Community Centre in Moqhaka Local Municipality	Infrastructure	R2m
Vaal Reefs Technical High School (Refurbishment, equipping of two Science Laboratories)	Infrastructure	R4,5m
Vuyani Mawethu Secondary School (Five Additional Classrooms)	Infrastructure	R2m
Arebokeng Primary School (Five Additional Classrooms)	Infrastructure	R2m
Thea Merafe Primary School (Four Additional Classrooms)	Infrastructure	R1,8m
Tukisang Primary School (Library)	Infrastructure	R1,4m
Tigane Primary School (Computer Centre)	Infrastructure	R1,4m



SLP PROJECTS	CLASSIFICATION	TOTAL BUDGET
Thuto Tsebo Secondary School (Science Laboratory)	Infrastructure	R1,6m
Sonata Primary School (Building of a School)	Infrastructure	R3m
Bholani Primary School (Building of a School)	Infrastructure	R3m
Agricultural Project-Matlosana	Infrastructure	R10m
Tlokwe compost	Infrastructure	R0,1m
Youth Multi-Car Wash	Infrastructure	R1,2m
Total		R34,0m

I visited the Agricultural project and met with the beneficiaries. The project will be implemented over a three year period by a dedicated service provider that will be responsible for training and mentoring the beneficiaries.



Photo 14: Harvest time at VR agricultural project



Photo 15: Cabbage and Spinach are some of the crops planted



Photo 16: Vegetable production in shade net structure with drip irrigation

There is still a number of projects that were not completed in the 2014 SLP period that are still in progress. These projects are listed in Table 18 (AngloGold Ashanti, 2015f)

Table 18: SLP projects not completed in the 2010 - 2014 period (AngloGold Ashanti, 2015d)

<b>Vaal River: SLP Projects</b>	<b>Total Budget</b>	<b>Status</b>
Slaughter and Meat Processing Plant	R5m	In progress
Business Development Park-OR Tambo	R10m	In progress
Business Development Park-City of Matlosana	R15m	In progress
Community Centre in OR Tambo District Municipality	R5.5m	Project on track
Urban Planning & Formalization of AGA non-urban land & Property Holdings	R14m	In planning
Botshabelo Community Health Centre Maternity Clinic Khuma	R6m	In progress
Tigane Community Sports and Recreation Centre	R4m	In progress
Kanana Swimming Pool	<b>R2.5M</b>	In progress
<b>Total</b>	<b>R62.0m</b>	

The budget for the 2015 – 2019 SLP is set out in Table 19 (AngloGold Ashanti, 2015c)

Table 19: VR Operations SLP budget for 2015 – 2019 (AngloGold Ashanti, 2015c)

<b>VAAL RIVER AND LABOUR SENDING AREA</b>	<b>TOTAL</b>
Enterprise development – Vaal River	R13 500 000
Enterprise development – Labour sending	R16 800 000
LED Projects – Vaal River	R34 000 000
LED Projects – Labour Sending	R16 100 000
Income generating	R4 000 000
Social Investment	R12 000 000
<b>Total</b>	<b>R92 400 000</b>

AGA provides financial assistance to SMMEs in the form of loans. The performance of the enterprise development initiative was not very successful and the company, according to the SVP Sustainability, Mr Moloko, lost R2,2m in investments. For that reason the company has joined hands with the Jobs Fund to erect Enterprise

Development Centres with the purpose of providing more structured support, training and mentoring to SMMEs (AngloGold Ashanti, 2014).

One of the enterprises supported by AGA is Letsogo Recycling with Chriselda Moagi and Gabriel Knox as the owners of the business. With the assistance of AGA the company was able to buy a baler.



Photo 17: Letsogo is a waste recycling company supported by AGA

Table 20 list the projects for the SLP projects for 2015 – 2019.

Table 20: AGA Vaal River SLP projects 2015 - 2019

PROJECT	DESCRIPTION	TYPE	BUDGET
Community Development: Land Acquisition and contribution towards bulk infrastructure	Purchase land to relocate the community who are currently staying in an informal settlement. Also cater for the provision of bulk infrastructure	Infrastructure	R4,0m
Borakanelo Secondary School	Building and equipping of physical science laboratory	Infrastructure	R1,9m
Dirang Ka Natla Secondary School	Building and equipping of physical science laboratory	Infrastructure	R1,9m
Khuma Sports and Recreation Complex	Construction of an athletic track and fields in Khuma Stadium	Infrastructure	R4,0m

Kanana Secondary School	Refurbishment and equipping of a classroom into a computer laboratory	Infrastructure	R0,5m
Kanana Sports and Recreation Complex	Construction of an athletic track and fields in Kanana Stadium	Infrastructure	R4,0m
Atamelang Primary School	Building of 5 classrooms, ablution facilities and computer laboratory	Infrastructure	R3,0m
Community Development contribution towards bulk infrastructure development	This budget would cater for the provision of bulk infrastructure	Infrastructure	R2,0m
Sediko Primary School	Building of 5 Classrooms, ablution facilities and computer laboratory	Infrastructure	R3,0m
Tshedimoseitso Secondary School	Building and equipping of physical science laboratory	Infrastructure	R1,9m
Matlosana Secondary School	Building and furnishing of a school hall	Infrastructure	R3,4m
Gaenthone Secondary School	Refurbishment and equipping of a classroom into a computer laboratory	Infrastructure	R0,5m
Kgolaganyo Secondary School	Building and equipping of a physical science laboratory	Infrastructure	R1,9m
Alabama Combined School	Refurbishment and equipping of a 2 Physical Science Labs and 2 Social Science Labs at Alabama Combined School	Infrastructure	R2,0m
<b>Total</b>			<b>R34m</b>

#### 5.4.5 Conclusion

A couple of noteworthy observations can be made from the above. First of all these mines serve the same communities. There is no baseline set and it presents an opportunity for all the mines and local government to work together and set common goals and objectives for the communities. Secondly from the various SLP projects listed there is duplication in infrastructure and job creation projects. Within agriculture there exists opportunities to form clusters around the value chain i.e. nurseries to produce seedlings, production farms, vegetable processing, and support

services such as infrastructure development and irrigation systems. Without collaboration a higher level of specialisation and innovation will not be achieved. The same goes for the EDCs. The beneficiaries will require the same training and the same need for mentoring services to provide services and products to the same type of industries. The effectiveness and scale of service that can be provided can only improve if there is better collaboration. A third observation is the over emphasis that is placed on infrastructure development. This has an impact on lower job creation opportunities. Unfortunately, given the poor track record of CMLM, one needs to ask in the fourth place how sustainable these projects are post mining. The presumption is that the mines deliver these projects and that the non-mining stakeholders will provide the support post mining. After the collapse of Buffelsfontein Mine the SLP projects were transferred to CMLM, but as was mentioned earlier the agriculture project is not operational any more. Fourthly, the short and medium term LED focus of many of these projects in terms of job creation for unemployed displaced workers are negligible. Lastly there have been a number of changes in ownership on the mines. During the interviews the lack in consistency when engaging the mines emerged as a problem to the community.

## Chapter 6 - Research Findings and Analysis

*Those attempting to guide the economy and our societies are like a pilot trying to steer without a reliable compass... We are almost blind when the metrics on which action is based are ill designed or when they are not well understood (Stiglitz, Sen & Fitoussi, 2009).*

### 6.1 Introduction

By using the Constant Comparative Method (CCM) (Thomas, 2009) various themes emerged and were mapped using the main actors and processes in LED as guideline (see Figure 16). The discussion of the findings will start off with a view of interviewees of what the goals of LED should be. This will be followed by a critical assessment of the environment the main actors function in and how it impacts on LED. The main processes are discussed as well as what interviewees think about the governance framework as applicable to mining specifically. Some of the interviewees gave a very personal account of the role mining has played in their lives and were grouped into “voice boxes”. The purpose of these “voices” is to illustrate how deeply people are affected - in sometimes unexpected ways – by mining.

### 6.2 Defining the Problem

#### 6.2.1 The LED Challenge

“The issue around the unemployment, poverty, inequality is going to cause us a major setback / revolution. It’s gonna [sic] kill us and politicians are not helping us” (Mataboge, 2015). This chilling statement does not only state the objectives and the urgency of the matter, but is also a cry for help. Mataboge (2015) continues: “Our economic structure is a problem for me. The way it is it’s not gonna [sic] address these ills that we have now.” Village (Mataboge, 2015), AngloGold Ashanti (2015c) and CAPM (Modupi, 2015) acknowledge unemployment, poverty and inequality as the major challenges in the community.

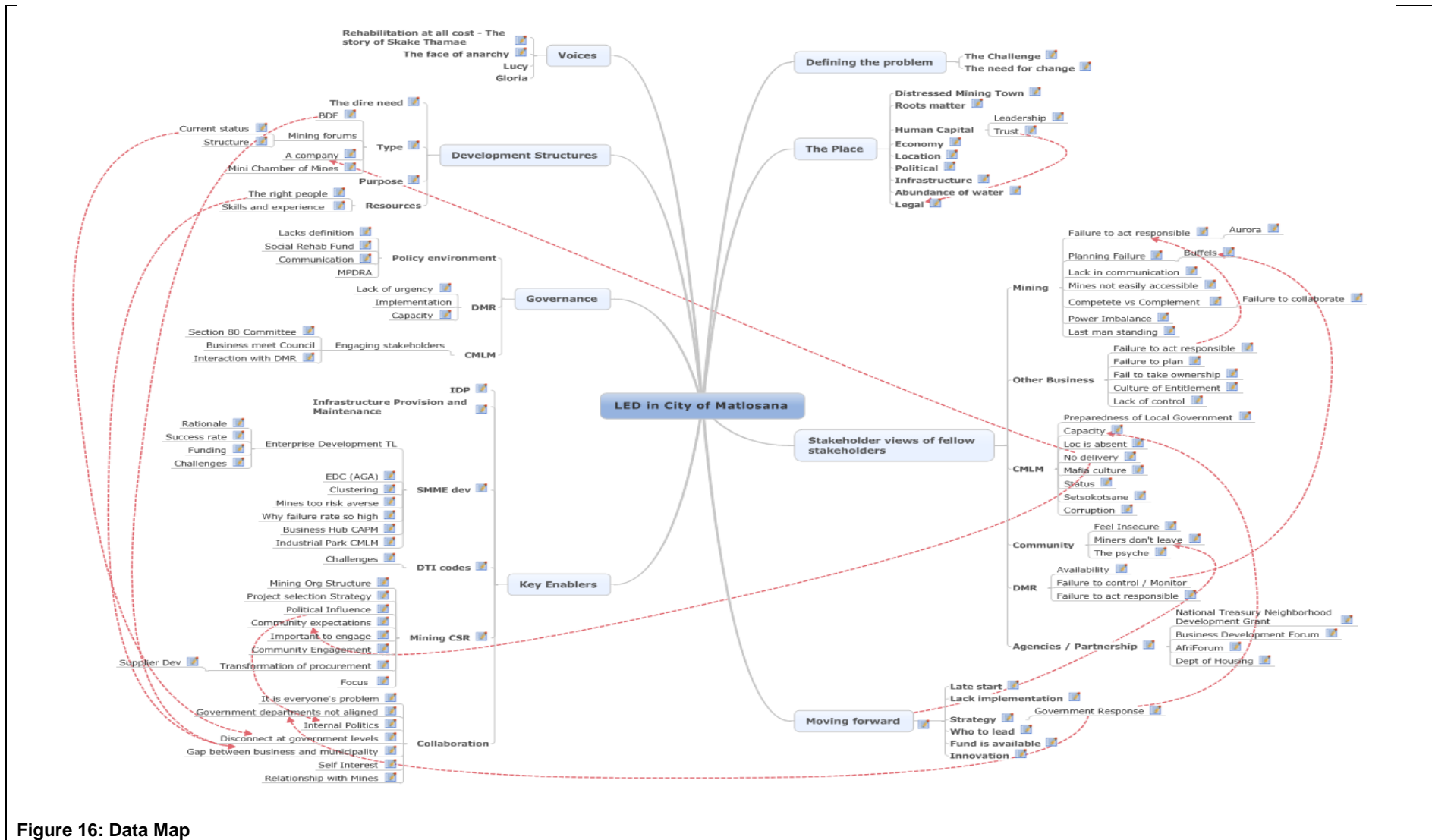


Figure 16: Data Map

From the side of business there was however a broader view of sustainable development, which places mining specifically under the spotlight. The Matlosana Branch of South African Women in Mining (SAWIMA) (Ngwabeni & Sekhobela, 2015) is of the opinion that: “Mining was a solution for job creation, poverty alleviation...and a contribution to the economy of our country, but if nothing’s done now it can be a repressor... A lot of people will remain not working, some guys...will be a health risk, some will not even have accommodation. The damage can be worse than when we started... It started as a blessing; it’s ending up like a curse. But we are the only people who, together, can change that around.” Johan Oosthuizen (2015), President of the Matlosana Business Chamber, ponders on the question whether mining was any good if one considers the negative social and environmental impacts left behind post closure.

### **6.2.2 The Need for Change**

There seems to be consensus that mining is declining and that Matlosana needs to diversify its economy and break the dependency on mining (Khuzwayo, 2015; Mataboge, 2015; Mosala, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Thamae, 2015). From the survey 11 of the 16 respondents that answered the question also disagreed with the statement: “The economy has already adjusted and the vulnerability to further downscaling in mining has been negated”. Government has also acknowledged the City of Matlosana Local Municipality (CMLM) as a distressed mining town. The CMLM has, according to Khuzwayo (2015), officially been declared a distressed mining town by the President in the 2013 State of the Nation Address. Following the Marikana incident in 2012, government set aside R18 billion for the improvement of socio-economic conditions in 15 mining towns (SAnews, 2015).



## 6.3 The Place

### 6.3.1 People

#### 6.3.1.1 Roots Matter

A very interesting theme emerged relating to the perceived correlation between the resoluteness of people to make a difference in the communities where they work and their place of origin. The perception is that people that grew up in an area have a vested interest in that area and if they are in leadership positions will ensure that quality decisions are made and implemented. This must be understood in the context of a mining town where there is a congregation of people from different regions of the country and continent. Ben Mosala (2015) is of the view that the people in Klerksdorp “came to the mines from different parts of the country and are not loyal.” He compares the Tlokwe and City of Matlosana city councils and says: “... all the councillors from the Potch [sic] municipality as well as their kids grew up in the area. They are mainly local people.” Mosala refers to the fact that the Potchefstroom municipality is functioning well while the CMLM is under administration. Ngwabeni and Sekhobela (2015) are of the view that the local guys have the passion and local knowledge to make things happen: “...sometimes it becomes much nicer when you try to push things at home because you know the environment...”

*Sometimes it becomes much nicer when you try to push things at home because you know the environment...*

*(Ngwabeni & Sekhobela, 2015)*

Vusi Moyakhe (2015) makes the same point and draws the mining companies into the argument: “Mines don’t employ local people on decision making level. The mine managers are not from here... Tau Lekoa, African Precious Minerals [sic]... so they don’t have a local interest... they don’t understand the local context. They are detached.”

Johan Oosthuizen (2015) comments that some businesses grew too big - especially businesses with a national footprint such as banks. Decisions cannot be made locally anymore because management is far away and does not have a real interest in what happens in the local environment (Oosthuizen, 2015).

The above arguments may help to explain why no one has taken real ownership of addressing the problem and it may be a topic for further research.

### **6.3.1.2 Leadership**

Research done in the Free State Goldfields has shown that the planning processes started too late (Marais, 2013b). It seems to be the case in this study as well. Mine closures are nothing new to the City of Matlosana and it begs the question why the community, especially the business community, is not more alert to the fact that the main driver of the economy, the mines, is losing steam. Is it a matter of poor leadership? This question was posed to the various actors during the interviews and again I was surprised by the honesty of some of the answers.

Charl Grobbelaar (2015), CEO of Maxim Planning Solutions, believes that the city has access to good potential leadership in the form of agricultural specialists, economists and strong businessmen and refers to companies like SENWES and the North West University (NWU).

Casper Minnaar (2015), a business consultant, says business thus far has not demonstrated leadership at a level that it will make a big difference going forward. AngloGold Ashanti, according to him, has a couple of big initiatives going, but it is a “lonesome” effort. “The city council and DMR are waiting with expectation on the mines to do something” (Minnaar, 2015). There is a lot of window dressing and masquerading, but according to Minnaar (2015) there is no one that takes the lead. The people that must lead, must have a local interest and must have credibility (Minnaar, 2015).

“We don’t have the leadership to really say: ‘Here are we.’ Our people are looking for somebody, but many have gone” (Moyakhe, 2015). According to Moyakhe (2015): “... leadership in the business sector is starting to take shape, but on the political side not so much.” Oosthuizen (2015) supports this view and is of the opinion that poor and inappropriate leadership is disturbing the balance between government and the private sector. He reports that he finds it difficult to get the local leaders of big business together around the table. Oosthuizen (2015) warns that people must not

get despondent due the fact that there is a scarcity of good leadership. “Crises teach people to survive and to make decisions” (Oosthuizen, 2015).

### 6.3.1.3 *Trust*

As revealed in the literature study, trust stands central to a partnership concerned with local economic development, integrated development planning, infrastructure delivery and human resource development (Rogerson, 2012). Marais (2013b) from his research reported that there is a total lack of trust in mining companies. In Matlosana it seems to be the case as well. Mighty Moloko (2015), Senior Vice President Sustainability, from AngloGold Ashanti explains it as follow: “Much as we have the legislative framework in place, the laws governing mining are still fragmented and not well coordinated and the DMR is under-resourced to discharge its legislative duties and to bring certainty to the investors and social partners – all these leading to a low trust level between the company/industry and government and communities and the mining industry, resulting in a low acceptance of the industry by the communities, interest and pressure groups” (Moloko, 2015b).

*One of the problems that I had was the trust between government and the private sector. I am now trying to build that trust because there is none...*

*(Khuzwayo, 2015)*

It would however seem that it is not only the mining companies that grapple with trust issues, but the CMLM as well. Speaking in his personal capacity AK Khuzwayo (2015), Deputy Director Macro City Planning and Development at CMLM, says: “...one of the problems that I had was the trust between government and the private sector. I am now trying to build that trust because there is none...and rebuild the relationship so that we can move forward. I have to do the two simultaneously.” The lack in trust in CMLM is also confirmed by the responses from other interviews.

From the above one can only conclude that the trust levels between key stakeholders and the community are very low. If Rogerson (2012) is correct with regards to the importance of trust, then LED as a strategy in the CMLM is in jeopardy.

## 6.3.2 Views and Perceptions on External Conditions

### 6.3.2.1 *The Economy*

Enough evidence was presented to safely assume mine closures will hurt the economy, but what is still unknown is the severity of the impact of further down scaling on the economy. Is the City of Matlosana heading for ghost town status or will it be almost business as usual? The people interviewed were confident that the economy is fairly well diversified, but that there still is an over dependency on mining. This was also an over dependency on mining in the Free State Gold Fields (Marais, 2013b) and in Rustenburg (Ndaba, 2010), which supports the relevancy of this study.

Grobbelaar (2015) compares Klerksdorp to Welkom that was particularly hard hit with mine closures and says: "...the difference between Welkom and Klerksdorp is that Welkom was through and through mining whereas Klerksdorp historically always had a strong financial sector and trading sector. It was the main centre for banking services and health services. Potchefstroom also developed and is now competition for Klerksdorp. The saving grace of the town was that it always had other economic sectors that was fairly strong and carried the economy thus far." This view supports the findings of South African City Networks (2014). Minnaar (2015) says that in his view the economy has diversified enough not to be totally dependent on mining, but that it will still have a substantial impact. Oosthuizen (2015) agrees and adds that there is a fairly strong agricultural community and health services in Klerksdorp. The provincial hospital, according to him, is one of the better provincial hospitals in the country and it is a training facility (Oosthuizen, 2015).

The results from the survey show that many businesses are still dependent on mining and also expressed concern about further down scaling (See Table 21 and Table 22)

**Table 21: Dependency of businesses on mining (Source: Van Heerden, 2015)**

Answer Options	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Response Count
The future downscaling of mining operations will have little effect on my business	3	5	2	4	2	16
The economy has already adjusted and the vulnerability to further downscaling in mining has been negated.	0	11	1	4	0	16

**Table 22: Comments made by survey participants on the economy and mining dependency (Source: Van Heerden, 2015)**

Index	Quote
1	<i>I don't think Matlosana economy is diversified enough to sustain itself post mining. Most companies in our industrial site do business with the mine; they are suppliers to the mining industry.</i>
2	<i>By and large Matlosana heavily depended on mining and surrounding township [sic] are suffering the same fate as Welkom.</i>
3	<i>Most engineering supplies, manufacturing and industry are highly dependant [sic] on mining in the area. My view is that these bussiness [sic] are not diversified for alternative business at this stage</i>
4	<i>It will have a negetive [sic] effect as unemployment is already high in Matlosana . downscaling [sic] will leave people jobless and more burden will increase on already limited resources [sic].</i>
5	<i>Business have taken very little steps to diversify and fight amongst themselves for scraps.</i>
6	<i>The amount of employees and their dependants that will be affected will cripple the economy. The mine might not be the big consumer, but their employees are.</i>

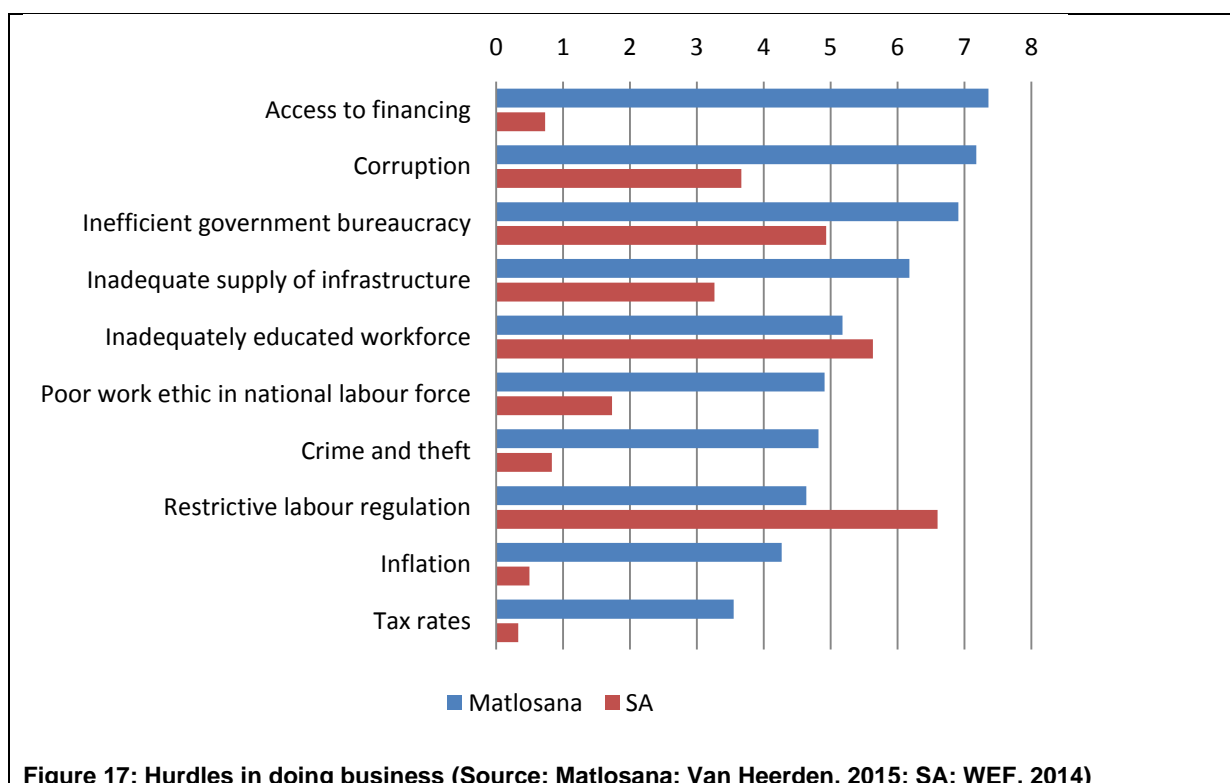
The survey indicates that, although it may be true that the economy as a whole is better structured and more diversified than some other mining towns, the impact of mines downscaling is not handed down evenly across the various localities in the CMLM. Respondents see a fairly bleak future for the towns of Orkney and Stilfontein (see Table 23) with 69% and 81% respectively believing these towns will become a burden to the greater Matlosana area.

**Table 23: Respondents view of the future (Van Heerden, 2015)**

	Ghost town status	Stagnant / low growth - likely to be a burden to Matlosana	Unsure	Area with moderate growth - can sustain itself	Vibrant town - important node in Matlosana	Total
Klerksdorp	6.25% 1	25.00% 4	18.75% 3	37.50% 6	12.50% 2	16
Orkney	25.00% 4	43.75% 7	18.75% 3	6.25% 1	6.25% 1	16
Stilfontein	62.50% 10	18.75% 3	6.25% 1	6.25% 1	6.25% 1	16
Hartebeesfontein	18.75% 3	37.50% 6	25.00% 4	18.75% 3	0.00% 0	16

#### 5.4.5.1 Hurdles to Economic Development

The survey asked businesses to rank ten factors that may constrain them in conducting business. The results are presented in Figure 17. The survey results were contrasted against the South African averages as they were presented in the Global Competitiveness Report 2014 – 2015 (World Economic Forum (WEF), 2014).



**Figure 17: Hurdles in doing business (Source: Matlosana: Van Heerden, 2015; SA: WEF, 2014)**

The results from the survey may not be from a representative sample, but it does confirm some of the issues that were frequently mentioned in the interviews. Corruption, Inefficient government bureaucracy, and inadequate supply of infrastructure should be considered as real obstacles in conducting business (Grobbelaar, 2015; Mosala, 2015; Oosthuizen, 2015; Thamae, 2015).

*How can you talk development under such circumstances?*

*(Mosala, 2015)*

### **6.3.2.2 Location**

The centrality of CMLM and the fact that the town is situated on the N12 highway is often referred to as an opportunity to grow the economy (Grobbelaar, 2015; Oosthuizen, 2015). Road maps of the region will indicate that the towns of Pretoria, Johannesburg, Bloemfontein, Kimberly, and Mahikeng all falls within a 300km radius from CMLM.

### **6.3.2.3 Political**

The ANC in the 2011 elections drew 72.7% of the votes and have a majority of 51 seats in council (Wikipedia, 2015). This according to Mosala (2015) is not conducive to good governance as: "...the opposition party isn't strong enough to do something about the ruling party that runs our municipality to prevent the corruption that's going on." Mosala (2015) says that people in the municipality are scared to speak out, due to a mafia culture that reigns in the organisation. This may sound a bit farfetched, but if one views this statement in the context of the following events, it gets new meaning. On 14 December 2012 the DKKDM regional secretary for the ANC, David Chika was shot in front of his house in what is believed to be a political inspired murder (SAPA, 2012). According to SAPA (2012) ANC secretary-general Gwede Mantashe commented on the murder and said: "People think if you are in a particular position you are an obstacle. They want to remove you." The incident took place not long after the car of the SACP provincial secretary was set alight at his house, a failed attempt to kill the ANC provincial secretary and a series of death threats to Cosatu's provincial secretary (SAPA. 2012). More recently Wandile Bozwana, a businessman from North West, was shot and killed on 2 October 2015 for allegedly exposing corruption in the awarding of tenders (Montsho, 2015). In October 2015 the

Head of Internal Audit at CMLM was suspended when he revealed potential incriminatory information from audit reports to members of the public without authorisation (Comri, 2015).

“There are Americans bringing developments into Potchefstroom. Life around that area is turning around. People are positive. But coming to Matlosana people are very sceptical. My neighbour in Irenepark is leaving...he is going to Potch. The municipality has caused a lot of negativity in our area. The opposition party isn't strong enough to do something about the ruling party that runs our municipality to prevent the corruption that's going on. People are also too scared to get involved because their lives can be in danger” (Mosala, 2015).

“How can you talk development in such circumstances” (Mosala, 2015)?

#### **6.3.2.4 Infrastructure**

CMLM is located next to the N12 Treasure route and the main rail track also passes through the town. As a result of mining, the town is endowed with good infrastructure and bulk services in terms of water and electricity (Grobelaar, 2015). The infrastructure is however not well maintained and aging (Comrie, 2015; Grobelaar, 2015; Oosthuizen, 2015; South African Cities Network, 2014). The survey also listed infrastructure as a hurdle in doing business (see Figure 17). The down scaling of mining presents the opportunity to reallocate surplus water and electricity to industrial development. The mines have engineering workshops, offices and housing villages that can form the foundation for a new industry to develop (Grobelaar 2015).

#### **6.3.2.5 Legal**

Oosthuizen (2015), also a leading legal practitioner in Klerksdorp, is of the view that the business environment is over regulated and is counterproductive to development. Business cannot function effectively in an over regulated environment. It is his assessment that legislation pertaining to development is written to redress the legacies of apartheid and to address poverty and inequality. Although Oosthuizen has no problem with the intent, he questions the effectiveness thereof as he argues it interferes with free enterprise. When there is too much interference



from government, people, according to him, become very innovative and it is unfortunately negative innovation and not positive innovation. They are ignoring things like BEE because of the red tape and the difficulties complying with all the legal requirements. He also says that relationships and transactions are founded on an element of trust, which cannot be pinned down in legislation and this may explain the over regulation (Oosthuizen, 2015).

Although Oosthuizen (2015) never said so, I sensed a little despondency on the side of the legal advisor. If Oosthuizen's arguments can be validated and found to be accurate, it holds serious negative consequences, firstly for economic development and secondly for promoting the socio-economic development and equality agenda.

## **6.4 The Local Actors**

### **6.4.1 Mining**

#### **6.4.1.1 Failure to Act Responsible**

Legal compliance is one of the cornerstones of CSR (Carrol, 1991). It is therefore quite unsettling to learn that mines are not always compliant and where there is compliance, it would seem it lacked the intent and conviction to really make a difference in the sometimes desperate circumstances mining host communities find themselves in, Khuma, the township next to Stilfontein, being the case in point. "The way we [mining companies] really are approaching these issues is just compliance... and we [mining companies] are not always even complying" (Mataboge, 2015). The SLP coordinator of CAPM, Dan Modupi (2015) echoes Mataboge's sentiment and says: "...there are guidelines of what business needs to do... SLP's and such...most of the businesses are doing it for the sake of ticking a box, to comply for the sake of compliance instead of doing it as a matter of business imperative."

It would seem many were surprised by the sudden closure of the Buffelsfontein Gold Mine. Oosthuizen (2015) says that he was very annoyed with the management of Village Main as it seems to him management just took the decision without any warning. "Nobody knew. We were alerted to the fact when they started retrenching people" (Oosthuizen, 2015). According to Oosthuizen (2015) this is typical of the arrogance of some of the big companies that make these decisions with no regard for who is affected.

Prompted for his views as to what happened at Buffelsfontein, Mataboge (2015) said: "... and I'm being critical of these guys... Someone did not take these things as serious as we are seeing the consequences to be. Someone did not take it serious to say look ... we, for me..., and I might be criticising the CEO or whoever, ... I don't think the people have sat down and said: 'look we are going to close this mine, what are the plans, what are we going to do?' You know, and when are we closing it? Remember, you cannot sit today and tomorrow you close the mine" (Mataboge, 2015). Moyakhe (2015) believes the mine had an ethical responsibility to forewarn the business community.

*Where did we fail?*

*Where did we fail?*

*Somewhere we failed!*

*(Mataboge, 2015)*

Moving the focus from Stilfontein to Orkney and review the performance of Aurora Empowerment Systems (Aurora), a picture unfolds that gives new meaning to non-compliance. Oosthuizen (2015) that in his legal capacity was involved in the liquidation processes, reports that the destruction of the mining assets in Orkney was the result of political interference, fraud and corruption. Mataboge (2015) concurs and says this was not mine closure, but pure corruption.

A couple of issues are raised that deserve further discussion:

- To what extent are mines communicating with their stakeholders?
- Is the regulator, the DMR, ensuring compliance?
- Is the legal framework adequate?

#### **6.4.1.2 Failure to Plan for Closure**

Best practice suggests that closure planning should start at the onset of the project (CDS, 2006; Marais, 2013b) (see Table 1). This according to Marais (2013b) did not happen in the Free State Goldfields and it seems to be the case in the Klerksdorp Gold Fields as well.

Referring to Buffelsfontein, Mataboge (2015) is sceptical if there was enough advance planning for post closure. If it was the case, then the current scenario and

the destruction of property and assets would not have unfolded. “Where did we fail? Where did we fail? Somewhere we failed” (Mataboge, 2015)!

CAPM is the new owner of the mining assets in Orkney following the disastrous encounter with Aurora. Prompted on the issue of mine closure planning – the mine has only a 5 to 7 year life span, the response was: “We are starting a business, we are not thinking of ending a business yet” (Modupi, 2015). In light thereof that the company only recently started and is not even in production yet, it may be a bit vicious to criticise them for not having commenced with a closure planning. However, it is indicative of the fact that post closure planning is not a priority when operations are started.

Mataboge (2015) says that is in everybody’s interest to plan properly. “Now it has brought social ills, problems like zama zamas and crime which government now has to tackle; crime is not for the mines, crime is for government to tackle, but who caused the crime? The mine closed. You get what I mean? It is in everybody’s interest... people are fighting over scarce resources” (Mataboge, 2015).

#### **6.4.1.3 Organisation Structure and Capacity**

At Tau Lekoa Mine and CAPM the SLP is coordinated and executed through the Human Resource Department with the General Manager taking ultimate Responsibility. The SLP and associated responsibilities are performed in addition to the day to responsibilities of the department (Mataboge, 2015; Modupi, 2015). AngloGold Ashanti has a Sustainability Department headed by a Senior Vice President, with sections focusing on: Stakeholder Engagement, Enterprise Development, Local Economic Development, Governance, Communications and Community Human Resource Development (AngloGold Ashanti, 2015d). AGA is comparatively a much bigger organisation than the Tau Lekoa and CAPM and can arguably justify having such a big department.

It is my personal opinion that in a period where there is increasing tension between mine workers and mining companies, HR Managers cannot afford to spend sufficient time and energy on the SLP and community matters to really make a difference. The latter will always play second fiddle to operational matters.

#### 6.4.1.4 Lack in Communication

There is overwhelming evidence that the mines, with the exception of AngloGold Ashanti, do not communicate or do so poorly. The survey shows that 70% of the respondents were not aware of any communication between the mining companies (excluding AGA) and the community (see Table 24). None of the people interviewed were aware of any direct community engagement by Shiva Uranium, Village Main Reef or CAPM in the Matlosana area (Grobbelaar, 2015; Khuzwayo, 2015; Mataboge, 2015; Minnaar, 2015; Mosala, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Thamae, 2015)

Table 24: Community awareness of mine communication (Source: Van Heerden, 2015)

	Community Briefings	News Letters	Local Media	Other	Not aware of any	Total Respondents
AngloGold Ashanti (Great Noligwa, Moab Khotsong, Kopanang, Mine Waste Solutions)	28.57% 4	14.29% 2	21.43% 3	21.43% 3	35.71% 5	14
China African Precious Metals (CAPM) (Orkney 6 & 7 Shaft)	6.67% 1	6.67% 1	6.67% 1	6.67% 1	73.33% 11	15
Shiva Uranium	7.69% 1	0.00% 0	7.69% 1	15.38% 2	69.23% 9	13
Village Main (Buffels Gold Mine & Tau Lekoa Mine)	7.14% 1	0.00% 0	7.14% 1	14.29% 2	71.43% 10	14

The community briefings by AGA are done quarterly. The company provides feedback on the progress on the implementation of the SLP and also provides an update on the company's performance during the previous quarter.



**Photo 18: Chris Sheppard, COO AGA, address the community in Vaal River (Source: AngloGold Ashanti, 2015d)**

The audience will typically include municipal officials, non-government organisations, SMMEs, youth organisations, organised business, and community members (AngloGold Ashanti, 2015d). At least once a year the community will be addressed by the COO. On 20 July 2015 I attended the community briefing session shown in the picture (**Error! Reference source not found.**). The briefing took the form of a breakfast. A Community Report in full colour, presented as a coffee table booklet, was handed out to all that attended. The report gives details of all SLP projects backed up with pictures and illustrations. After the company presentations the audience could ask questions or comment on the proceedings. The comments ranged from praise for what the company was doing in the community to very uncomfortable and almost aggressive remarks. Judging from the questions, most of the unhappiness stems from emerging contractors that were frustrated that they could not get a contract with the mine.

From the people interviewed the response to AGA's community briefings was also divided. There was much appreciation for the fact that the company interacts with the community and for what they are doing in the communities (Minnaar, 2015; Ben Mosala, 2013; Oosthuizen, 2015; Thamae, 2015). Ngwabeni and Sekhobela (2015)

however did not share the same sentiments: "... when you sit down alone and you look at it you realize these guys were just doing these things for their reports." Khuzwayo (2015) and Moyakhe (2015) were of the view it is only one way communication and not real engagement.

#### **6.4.1.5 Mines are not Easily Accessible**

Based on the survey, mines are not easily accessible to communities. Fifty percent of the respondents rated AGA moderately to good, while none of the other mines achieved more than 7% (see Table 25). From the interviews it would seem that people don't know who the right persons are to speak to (Mosala, 2015) or the people representing the mine are always changing (Grobbelaar, 2015; Ngwabeni & Sekhobela, 2015). The latter can also be as a result of the frequent change in ownership with specific reference to Shiva Uranium, Village Main Reef and CAPM

**Table 25: Accessibility of mines to the community (Source: Van Heerden, 2015)**

	Don't know	Poor	Moderately	Good	Very Good	Total
<b>AngloGold Ashanti (Great Noligwa, Moab Khotsong, Kopanang, Mine Waste Solutions)</b>	21.43% 3	28.57% 4	21.43% 3	21.43% 3	7.14% 1	14
<b>China African Precious Metals (CAPM) (Orkney 6 &amp; 7 Shaft)</b>	57.14% 8	35.71% 5	0.00% 0	0.00% 0	7.14% 1	14
<b>Shiva Uranium</b>	53.85% 7	38.46% 5	7.69% 1	0.00% 0	0.00% 0	13
<b>Village Main (Buffels Gold Mine &amp; Tau Lekoa Mine)</b>	53.85% 7	38.46% 5	7.69% 1	0.00% 0	0.00% 0	13

Moyakhe (2015) and Ngwabeni and Sekhobela (2015) believe that the mines are not accessible enough.

#### 6.4.1.6 *Compete vs Complement*

The Matlosana region has four major mining companies and they all share to a greater or lesser extent the same host communities. In their value statements all the mining companies under discussion also committed

*When two bulls fight it is the grass that suffers*

*(Khuzwayo, 2015)*

themselves to the development of the host communities. There seems to be good cooperation between mining companies with regards to operational matters and one would expect that collaboration between mines with regards to community and social development is a given. This however seems not to be the case. Mataboge (2015) says: “For me it is a common problem, especially in terms of how we do things in the communities...we still want to be ‘the man’ rather than having an integrated approach. And government is encouraging that, because now they say: “Oh, Tau Lekoa, what have you done? ... AngloGold what have you done?’ You know ...they could have said we must have a common approach ... and say: ‘guys what are we going to do, all of us, come, what are we going to do?’” Modupi (2015) acknowledges that there is cooperation as far as the SLP is concerned and says: “Instead of complementing each other we are competing.” Grobbelaar (2015) also reports that there is very little cooperation between mines.

Thamae (2015) makes the point that when a mine closes, the community will knock on the door of the closest neighbouring mine for assistance. Instead of sharing the burden, the burden is passed on to the remaining mining companies. “Like I’m saying you’ve inherited the things that you have never created.” It is therefore in the interest of all the mining companies in a region to plan and agree on a closure plan for the region and not only each mine for itself (Thamae, 2015).

Oosthuizen (2015) concurs and points out that Klerksdorp only became known as a major gold producer after the mines consolidated. The cooperation between mines deteriorated over the last couple of years (Oosthuizen, 2015)

#### 6.4.1.7 *Power Imbalance*

“When 2 bulls fight it is the grass that suffers. The mines have not moved away from the mentality that they must decide what needs to be done on behalf of the

municipality or Government, and Government must just say 'yes'. And they want the municipality to just give a rubber stamp for what they're suggesting would be the SLP's that will be implemented" (Khuzwayo, 2015). This problem is consistent with the findings of Ndaba (2010) with reference to the Municipality of Rustenburg.

#### **6.4.1.8 It is Never Enough**

The people interviewed were asked to give an opinion whether or not they think the mines are doing enough in the community. The question was not fully answered, but some interesting points were raised. Minnaar (2015) says it is a tall order to expect of the mines to create a new industry to replace mining operations. It is unfair to place this responsibility only on mines and he asks why other big industries have not similar requirements such as the steel manufacturing companies. He will be satisfied if the mines will concentrate on leaving behind a clean environment and the infrastructure they created over time remains intact. Ngwabeni and Sekhobela (2015) are of the view that communities are ill informed and as a result "mines get away with murder." Moyakhe (2015) agrees "Enough would be ensuring that communities are able to articulate what they want. At the moment that does not happen. There is a power imbalance. Because the mines are in the final straight they will always look at their own interest first. Then there is also this thing of 'carrying political favour' that the mines do. Who do you think the mines will rather listen to, me or the Executive Mayor? The Executive Mayor signs off on whatever goes to the DMR" (Moyakhe, 2015). Thamae (2015) says whatever the mines do will never be enough. It is human nature to always want more. Realistically speaking he thinks AGA is doing well, but not the other mines (Thamae (2015).

From the above I conclude that communities find it difficult to express themselves due to a lack of knowledge and due to the power imbalance are not strong enough to negotiate with the mines.



## 6.4.2 The Private Business Sector

When the economy was discussed in paragraph 6.3.2.1, it became clear that there is an over reliance on mining to sustain the economy. This section investigates to what extent businesses have taken this potential threat to the long term sustainability of their business seriously and whether they have taken co ownership of this problem.

*No-one even as early as the 1980's has ever thought that there is a mineral that could become finite.*

*(Moyakhe, 2015)*

### 6.4.2.1 Readiness and Planning

The survey indicated that 88% of the respondents have been affected by mine downscaling in the past (see Table 26). Forty one percent indicated that the impact was of such a nature that they had to reduce staff. It is therefore safe to say that these respondents should have the motivation and understanding of the situation to adjust their business model to be better prepared for future downscaling of mines. The follow up question to these respondents was therefore to what extent have they amended their business model or are they planning to do so to accommodate the change in the economic environment. It is encouraging to note that businesses have made changes to their business model or are in the process of doing so. However, one in every six businesses has not made any change (see Table 27).

**Table 26: Impact of mine downscaling to date (Source: Van Heerden, 2015)**

Answer Choices –	Responses –
– Minimal - business as usual	11.76% 2
– Some, but no remedial action was required	47.06% 8
– Considerable - had to reduce staff	41.18% 7
– Consider closing / have closed my business	0.00% 0
Total	17

**Table 27: Adapting to a new economic environment (Source: Van Heerden, 2015)**

Answer Choices	Responses
I am not planning any changes as these events have little impact on my business	11.76% 2
There will be an impact on my business, but I have not given this much thought yet	17.65% 3
There will be an impact on my business and I am in the process of reviewing my options	23.53% 4
There will be an impact on my business and I have revised and implemented my business model accordingly	23.53% 4

Most of the people interviewed don't think business is prepared or have taken ownership to deal with the problem more holistically (Khuzwayo, 2015; Minnaar, 2015; Mosala, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Oosthuizen, 2015; Thamae, 2015) . Moyakhe (2015) sums it up as follow: "No-one even as early as the 1980's has ever thought that there is a mineral that could become finite. A lot of businesses have a 10 year plan, but they don't have any plan for this scenario. Small dorpiess just die. What other non-mining activities have we [Matlosana] got? We've got none, other than retailing."

**Table 28: Expectation of the future (Source: Van Heerden, 2015)**

	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Total
The future downscaling of mining operations will have little effect on my business	18.75% 3	31.25% 5	12.50% 2	25.00% 4	12.50% 2	16
Mines are caught up in a downward commodity cycle and it will pick up again in future.	6.25% 1	31.25% 5	12.50% 2	50.00% 8	0.00% 0	16
Mines have downscaled, but there is still sufficient economic activity for at least the next 10 to 15 years to support my business	0.00% 0	12.50% 2	62.50% 10	25.00% 4	0.00% 0	16
The economy has already adjusted and the vulnerability to further downscaling in mining has been negated.	0.00% 0	68.75% 11	6.25% 1	25.00% 4	0.00% 0	16
Mines are transparent and communicate often enough in order for me to plan my	18.75% 3	43.75% 7	6.25% 1	31.25% 5	0.00% 0	16

	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Total
business accordingly						

Feedback from the survey and interviews indicate that one of the reasons for the lack in forward planning may be due to a lack of information. Some of the interviewees responded as follows:

- There is a lack in awareness and an advocacy programme is required (Ngwabeni and Sekhobela, 2015).
- There is no integration and sharing of information between local government and DMR with organised business and stakeholders (Moyakhe 2015).
- Somebody needs to coordinate inter-business engagements. The Chambers are not doing enough even within the Chamber itself (Khuzwayo, 2015).

Table 28 summarises what business expect the future will hold. The fact that there is such a big variation in the answers may be indicative of the uncertainty that exists. There is also a strong indication that mining companies are not transparent enough and do not communicate enough to allow businesses to plan properly.

From the feedback above it is interesting to note that all the major stakeholders i.e. the business chambers, DMR, local government, and the mines have a case to answer to. There is also the first call for “somebody” to coordinate. This will be discussed in more detail in paragraph 6.8

#### **6.4.2.2 Missing the Bigger Picture**

There seems to be unwillingness amongst business to share their views and ideas for the future (Khuzwayo, 2015; Mosala, 2015; Oosthuizen, 2015). As a result there is no common vision for the future (Khuzwayo, 2015). This finding is also consistent with the findings by Marais (2013a) in the Free State Gold Fields. Oosthuizen reports that when people do get together for discussions of strategic nature it seldom progressed beyond poor service delivery and the inefficiency of local government. A culture of entitlement (Thamae, 2015) and “What’s in it for me?” (Oosthuizen, 2015) is also not helping to take the discussion forward.

### 6.4.2.3 The Strength of the Chamber Movement

Members of the three main chambers i.e. Wesvaal Chamber of Business, Matlosana Business Chamber and Matlosana Development Forum, as well as non-members were asked to participate in the survey on a voluntary basis. It is encouraging to note that respondents have reasonable strong faith in the chambers and their leadership ability. There is however a question mark if the chambers have the ability to influence economic development in the region. Table 29 is a summary of the responses of members.

Table 29: Confidence in the business chamber and forums (Source: Van Heerden, 2015)

	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Total
My business chamber understands the local economy and keep me informed of any new developments that may impact my business.	0.00% 0	0.00% 0	30.00% 3	50.00% 5	20.00% 2	10
My business chamber understands the local economy and strategically influence the economic development strategy for Matlosana	0.00% 0	9.09% 1	54.55% 6	18.18% 2	18.18% 2	11
My business chamber has the capacity and credibility to facilitate strategic discussions on the future of Matlosana	0.00% 0	0.00% 0	10.00% 1	70.00% 7	20.00% 2	10
None of the business chambers can say they are truly representative of the business community of Matlosana.	0.00% 0	27.27% 3	27.27% 3	45.45% 5	0.00% 0	11

### 6.4.3 City of Matlosana Local Municipality (CMLM)

#### 6.4.3.1 Under Administration

The CMLM has in the last couple of years been in the news for all the wrong reasons. In Rapport of 25 October 2015, Comrie (2015) questions how it is possible that the suspended municipal manager and executive mayor can afford to drive around in a number of luxury cars while the financial status of the municipality is in

turmoil. The CMLM has been placed under administration during December 2014. Since the appointment of the administrator in January 2015, he and his team uncovered maladministration running into millions of Rand (Comrie, 2015).

#### **6.4.3.2 Alternative Use of Mine Infrastructure**

A number of incidents were reported in the interviews, where the interviewees are of the view that had the CMLM been better prepared, they could have intervened and salvaged infrastructure that could have been put to good use for the general public. Grobbelaar (2015) and Thamae (2015) refer to a sporting complex in Stilfontein that was demolished, because the mine had to rehabilitate the area. Thamae (2015) also reports on hostels, workshops and offices that were demolished by zama-zamas. Duff Scott Hospital closed and local government did not intervene (Moyakhe, 2015; Thamae, 2015). Referring to the same infrastructure Mataboge (2015) says: "... but the municipality does not have a clue what has happened. They were not prepared to take those communities from Buffels back." AGA donated the Oppenheimer Stadium to CMLM. The facility is in a state of neglect and CMLM is unable to keep up with the operational cost of the facility (Mosala, 2015).

This finding is consistent with the findings of the World Bank (2002) that says local government often inherits infrastructure with mine closures that they are unable to manage.

#### **6.4.3.3 Capacity Pertaining to LED**

Interviewees, that were asked to comment on the capacity of the CMLM to guide and lead local economic development in the city, were very outspoken and clear that they don't think the organisation has the skills nor the right people to guide this process (Mataboge, 2015; Minnaar, 2015; Mosala, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Oosthuizen, 2015; Thamae, 2015). The common themes that emerged were: a lack in role clarity; a lack of specialist skills or know how; not caring / not engaging. The latter is perhaps best explained by Moyakhe (2015): "Municipalities hear nothing, see nothing, say nothing... They haven't even pronounced themselves about what is happening. When Buffels closed they never engaged them." On the question if the CMLM engage with the mines to talk about mine closures, the reply was that the mines only talk to the DMR and that the DMR

does not communicate with them (Khuzwayo, 2015). The CMLM was also criticized for not having an adequate budget for projects (Moyakhe, 2015). Ultimately they must be rated on their success stories, but there were none (Moyakhe, 2015; Thamae, 2015).

From the survey only 10% of the respondents agreed that there is a good relationship between CMLM and the business community. Only 20% agreed that the LED department has the credibility and capacity to facilitate local economic development in Matlosana and only 9% think the LED department is accessible.

The lack in skills capacity is consistent with the findings of CDS (2006) and Ndaba (2010). Nel and Binns (2002) also reported a half-hearted approach to LED by local governments.

#### **6.4.4 Community**

##### **6.4.4.1 Insecurity**

People staying in Khuma, the township closest to the now closed Buffelsfontein Mine, are experiencing increased levels of crime that are causing tension in the town (Mosala, 2015; SAPS, 2015; Thamae, 2015) (Also see Voice Box 1). Two of the quotes, 4 and 5, in Table 22 refer to tension as a result of scarce resources while Mataboge (2015) say: "People are fighting over scarce resources." This fits the pathology associated with mine closures as described by Marais (2013b) in paragraph 2.3.

#### **Voice Box 1: The face of anarchy ... as told by Ben Mosala**

*(Ben is a director at Kopano Brickworks and tells the story of lady that approached his company for help to accommodate her crèche after the closure of Buffelsfontein Mine)*

*We had given her and her kids a place to stay by the hostel until December. She came here to see me about the very same place but I told her it is a hostel for men and not a place to bring in kids. She started crying. She was busy conducting classes by Harties. There's a village. While she was busy she heard people...they just opened the door and told her and the kids to move out. She asked whether the mines were now going to take whatever. They (the zama zama's) took all the chairs,*

*the tables...and started to pull the windows out...everything. She reported it to the police but they never came. Before that this guy Hendrik Fredericks who is at human resources at the mine came and asked me whether I have accommodation for 38 of his guys. When I said no he said he did not know what he was going to do with these 38 guys. He said the zama zama's gave them notice until the end of June. On 1 July they would be taking over the place. I asked him how he could allow such a thing to take place and he said "Ben, I'm afraid. They're going to do it. They came to each and every house (in the Harties village) and gave notice that they must be out by then. So I'm looking for accommodation for my guys".*

*He said the zama zama's are no longer afraid of us and the police cannot apprehend them. They have AK47s. It is scary. And when they're finished here they are coming to our houses. They are no longer scared (Mosala, 2015).*

#### **6.4.4.2 Miners Don't Leave**

The mining companies employ a large number of people that are not local residents, but come from the Eastern Cape and other parts of the country. When a mine closes these people do not go back to their place of origin, but stay in the area (Khuzwayo, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015). The consequence thereof is that the burden on the local municipality increases, while they have lost the revenue from the mine (Khuzwayo, 2015). It also aggravates the tension in communities as described in the previous paragraph. Ngwabeni and Sekhobela (2015) say: "They again come back; stay here in Matlosana and that causes us more pressure [housing etc.]. We are sinking, going down instead of up...".

#### **6.4.4.3 Unrealistic Expectations**

Mataboge (2015) makes an interesting observation regarding community expectations, what mines can deliver and what government should deliver. He says: "The mines are doing their level best, but there are expectations ... which are different from what the mines deliver... from the community. What communities are expecting - the mines see as government's responsibility. There are unrealistic expectations like job creation and building houses, and government are not playing

their part. So they are putting a lot of pressure on the mines. It turns into a vicious circle because government is failing and passing the buck. So Business will forever be under pressure even if they try to deliver they will still be seen as not delivering. People come to me for help because the municipality is failing” (Mataboge, 2015).

#### 6.4.5 Department of Mineral Resources

A common theme that emerged from the data was that the DMR is understaffed (Mataboge, 2015; Modupi, 2015; Moloko, 2015b; Moyakhe, 2015; Ngwabeni & Sekhobelal, 2015). Moyakhe (2015) states: “There are 3 people responsible for 108 mines in North West.” The DMR is as a result unable to discharge its legislative duties (Moloko, 2015b; Moyakhe, 2015).

The lack in capacity may also be a contributing factor for the lack in urgency to engage with problematic situations and incidents - Buffelsfontein being the case in point (Mataboge, 2015; Thamae, 2015). Moloko (2015a), at a community briefing, reported that it takes months to obtain approval of SLPs and that it causes delays in the implementation of projects.

It is not only the mines that are critical of the DMR, but community members also expressed concern why the institution is not communicating with the public, or warning them of potential closures (Moyakhe, 2015).

From the above one can conclude the DMR is not capacitated, is inefficient in its operational functions and unable to discharge its legislative duties effectively.

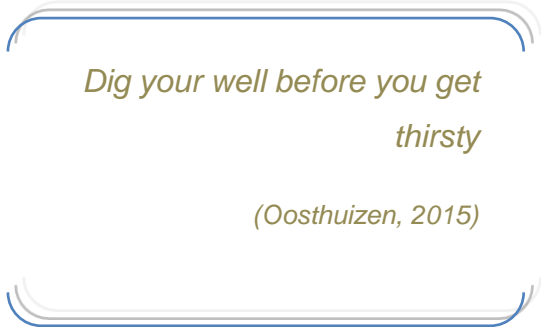
#### 6.4.6 Agencies / Partnerships

During the research I stumbled across two initiatives (there are probably many more) that I was not aware of. The reason for my surprise, was the poor socialisation of these projects and the lack of integration thereof into the bigger development framework.

**Table 30: Development Initiatives**

Project	Sponsor	Description
Joberton shopping	National Treasury:	The objective is to create a node to a cluster of small





complex with taxi rank	Neighbourhood Development Grant	businesses around the node. Treasury demands strict control over funding or the municipality will lose the grant (Grobelaar, 2015).
Business Development Forum	COGTA	Government set aside R18 billion to improve the socio-economic conditions of 15 mining towns (distressed mining towns) in South Africa (SAnews, 2015)

The mining companies were not involved in any of the above initiatives, but these initiatives could have presented opportunities to complement these initiatives in terms of SMME and industrial development.

## 6.5 Moving Forward

### 6.5.1 It is Just Talk

With the recent closure of Buffelsfontein fresh in the mind, there is much talk that the economy must diversify and industrialize (Khuzwayo, 2015; Ben Mosala, 2013; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Oosthuizen, 2015; Thamae, 2015). “We might have left it for too late, but nothing have been done up to so far. We need to start moving. We need to start acting now immediately” (Khuzwayo, 2015). Ngwabeni and Sekhobela (2015) had heard this before: “I feel whatever is done now it must have time frames because there is a high level of risk. We debate issues for many years, for very long, until this mine really close. I’m saying so because many years ago we should have started diversifying industrialization. They should have started long time ago cause [sic] we spoke for a very long time about industrialization, we spoke about local economic development for a very long time. But we kept on talking and nothing was happening and I think that is what it is...that is what might lead us into a very dark era or period. Because we talk too much and we do less. Because the truth of the matter is we knew from the minerals will be

depleted at some stage and we could have done something about it.” The three business chambers acknowledge that planning to diversify the economy should have started earlier, but don’t think it is too late to start the process now (Mosala, 2015; Moyakhe, 2015; Oosthuizen, 2015). There is also appreciation for the urgency of the situation or as Oosthuizen (2015) aptly put it: “Dig your well before you get thirsty.”

From the above, as far as business is concerned, one can conclude that there is no plan, no structure and there is a late start. The latter is consistent with the findings of Marais (2013b)

### **6.5.2 Economic Strategy and Implementation**

The North West Province has developed an economic strategy that centres around three sectors i.e. Agriculture, Arts and Culture, and Tourism (ACT). The focus of economic development in future will be on villages, townships and small dorpiens in an effort to reverse the legacies of apartheid and reduce poverty and inequality in the province. The strategy must be viewed against the background that the Province is predominantly rural. The Province committed to directing 70% of procurable items to villages, townships and small dorpiens (Republic of South Africa (RSA), 2015).

The North West Department of Finance, Economy and Enterprise Development, on behalf of the province, is responsible for the roll out of the strategy. The LED department of CMLM will direct most their efforts towards ACT (Khuzwayo, 2015). There are according to Khuzwayo (2015) good strategies in place, but implementation is not what it should be. The main problem remains access to markets. “What we need is someone who can run with it. We need them to open up the markets” (Khuzwayo, 2015).

Grobbelaar (2015) cautions and says there is a big misunderstanding regarding the LED department’s role: “The idea was never for municipalities to start businesses - they must create the environment for business to flourish.”

As indicated in paragraph 6.5.1 there is currently no strategy on the side of business and in their view CMLM does not have the capacity to implement. During the interviews there were concepts and ideas put forward that could form the basis for a discussion and formulation of a future strategy. These are:

- Beneficiation of the minerals and metals mined (Khuzwayo, 2015; Thamae, 2015)
- Tyre manufacturing and capitalise on central location and possible exports to Botswana (Mosala, 2015)
- Use sewer plants as source for renewable energy and cut dependency on coal. Capitalise on the close proximity of NWU to enhance innovation (Mosala, 2015)
- Get communities involved in small scale mining (Moyakhe, 2015; Ngwabeni & Sekhobela, 2015)
- Industrial development. Need to create a node or anchor industry that can feed SMME development (Grobbelaar, 2015; Mosala, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Oosthuizen, 2015). Cynically referring to the SMME programmes of the mines Ngwabeni and Sekhobela (2015) say that they understand the need for food gardens and cleaning services, but that is not going to provide the jobs required to be sustainable going forward. Moyakhe (2015) advises: “We need to first know what’s happening at national level and be aligned with national policy and programs. We need to stop looking inwardly. We need to stop talking SMMEs every day. The MDF is pushing for business of bigger magnitude and believe it will attract smaller business around it.” The MDF is looking at bigger magnitude projects and had discussions with Transnet and PRASA to manufacture rolling stock (Moyakhe, 2015).
- Revisit agriculture (Thamae, 2015; Moyakhe, 2015). Moyakhe (2015) says retailers in Matlosana are importing all the fresh produce from outside the municipal area and we need to support local.

*We need to stop talking  
SMMEs every day*

*(Moyakhe, 2015)*

### 6.5.3 Structures

At an AngloGold Ashanti Community Briefing the COO, Mike O’Hare, asked the audience who will be to blame if Klerksdorp turns into a ghost town. He said it will be the biggest mistake to blame AGA, as it is the collective responsibility of all the stakeholders including government, business, the mines, NGOs and the community to prevent this from happening. AGA alone will not be able to prevent Klerksdorp

from turning into a ghost town (O'Hare, 2013). Khuzwayo (2015) agrees: "It's all of us's [sic] responsibility...business in a sense that they need to wake up and see that their main source of income is when they supply their products to the mines. What would happen if this mine closes? And it's Government in the sense that some of the revenue rates and taxes come from these mining houses. At a larger scale perhaps 40% of what the Municipality relies on incomes from these mines. If the mines close we need to say: 'who else will replace that revenue?' Where do we as a society see the Municipality in 10, 15 years from today? Or 30 years from today when the mines are no more?" These views are also held by the business community and stakeholders interviewed (Mataboge, 2015; Minnaar, 2015; Mosala, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Oosthuizen, 2015; Thamae, 2015).

There were different views of who should drive the local economic development process. The obvious answer is that it should be local government (Mataboge, 2015). Khuzwayo (2015) is of the view it should be FEED. "SALGA, local government and FEED should come together and tell us who should lead the economy" (Khuzwayo, 2015). Due to the breakdown in trust the business community is sceptical of leaving it to local government (Minnaar, 2015; Mosala, 2015; Moyakhe, 2015). Thamae (2015) is convinced the business chamber should lead this process. SAWIMA warns: "... if we are just going to sit there and leave things to bigger companies, bigger guys and expect them to come up with plans because we know that they have experience, they have the money and they have the skills...if then it means the future looks scary [sic]" (Ngwabeni & Sekhobela, 2015).

From the above I conclude that there is a very strong acceptance that each stakeholder and member of the Matlosana has a role to play to crafting the future of the city post mining. The level of mistrust between stakeholders to lead the process is however such that a combined forum may be the only option to take the discussion forward. This will be discussed in more detail in paragraph 6.8.

## **6.6 Key Enablers**

As discussed in Chapter 3, LED assumes government will, in collaboration with local stakeholders and other spheres of government, plan and execute initiatives to

stimulate economic growth - the key word being 'collaboration'. A strategic approach to planning, the IDP, is followed and is prescribed in the Municipal Systems Act. Skills development, Infrastructure and SMME development are essential building blocks for a development strategy and are key elements in the SLPs of mining companies. This

*But as government, if we are not talking with one voice and see eye to eye we leave it to the mine to take advantage of us*  
(Khuzwayo, 2015)

section comments on the research findings of these five enablers: collaboration, the IDP, infrastructure, skills development and SMME development.

## 6.6.1 Collaboration

### 6.6.1.1 Government Departments Not Aligned

Khuzwayo (2015) says that there is poor alignment between government departments regarding LED. He says for example that what CMLM sees as LED, the DMR does not see as LED. The SLPs presents an opportunity to diversify the economy, but according to Khuzwayo (2015) some of the government departments do not see it that way. "But as government, if we are not talking with one voice and see eye to eye we leave it to the mine to take advantage of us" (Khuzwayo, 2015). He cites two projects that AngloGold Ashanti selected from the CMLM IDP as SLP projects, namely the upgrade of the Klerksdorp Fresh Produce Market to amongst other provide for the needs of emerging black farmers, and the building of hawker stands at the Klerksdorp taxi rank. These projects were approved by council, but sometime after these projects already commenced, the DMR refused to acknowledge the projects as SLP projects (Khuzwayo, 2015). The AngloGold Ashanti (2015d) Community Report of 2014 – 2015 confirms this incident. Khuzwayo (2015) describes the relationship with the DMR as poor and say they mostly communicate via email.

Politics, according to Moyakhe (2015): "... played a huge part in things not happening. Since 2013 the District [DKKDM] did nothing to allow the BDF to start. These guys [DKKDM] instead of looking at business ... they started politicking ...

‘who, why, why ... am I in or am I out’ and everything.” Maoyakhe (2015) say CMLM approved the project earlier so that the project can start.

#### **6.6.1.2 Internal Politics to CMLM**

Khuzwayo (2015) says that SLP projects are selected and monitored by the CMLM officials with report back to the Executive Mayor and the Members of the Mayoral Committee (MMCs). He reports that when mining companies meet with the politicians, decisions are made that are not aligned with what was agreed in the team prior to the meeting. “So what administration is saying versus what politicians are saying...it is not the same thing” (Khuzwayo, 2015). This is causing an impasse and delays the process even further (Khuzwayo, 2015).

#### **6.6.1.3 Gap between Business and CMLM**

As indicated in paragraph 6.4.3 there is very little trust in the LED department, which makes proper collaboration almost impossible. Khuswayo (2015) acknowledges that there is a gap between the CMLM and business.

#### **6.6.1.4 Collaboration between Mining Companies and CMLM**

Collaboration occurs on two levels in the form of official meetings and minutes of these meetings are kept. CMLM officials meet with the relevant mine officials once a month to agree on projects and to monitor implementation at what is called an Implementation Committee meeting. This meeting reports to the Mandating Committee, which is a Section 80 Committee provided for in the Local Government: Municipal Structures Act, No.117 of 1998 that can guide the CMLM Council on certain matters. The members of this meeting comprise of senior management from the mining company and the Executive Mayor with his MMCs (Khuzwayo, 2015). The City of Matlosana (2013) Annual Report 2013 and the AngloGold Ashanti (2015d) confirms these meetings did take place. Khuzwayo (2015) states that meetings are also held with Village Main Reef and Shiva Uranium, but not with CAPM.

#### **6.6.2 The IDP Process and Effectiveness**

According to the South African Cities Network (2015) the CMLM’s IDP is not forward looking and opportunities and threats like the downscaling of mines are missed. The

IDP is instead focussed on reducing backlogs and poverty alleviation. During the interviews the various actors were requested to comment on the IDP.

The IDP in theory must be an integrated process. In practice this is not the case according to the local town planners. “I think many people don’t understand the IDP process because you often get a wish list as each department will list what they need over the next five years. There is however very little integration in the IDP process. I think this is a big problem with the IDP. Have a look at the IDP - every department has its own section and they still operate in silos. The problem is bigger than only internal integration it is also true for the district and the province” (Grobbelaar, 2015).

Participation in the IDP by all stakeholders is of key importance to ensure credibility and alignment between stakeholders. Khuzwayo (2015) says the lack in participation by private business and mining companies is glaring. “I don’t think any of the things that we said were required on the IDP were inputs from the mines or business. It’s either individuals or communities” (Khuzwayo, 2015). The interviews confirmed the low level of participation, with one mining company not even knowing that the IDP exists. The Wesvaal Chamber of Business is of the view that the IDP does not add value (Mosala, 2015) while the Matlosana Development Forum describes it as a waste of time, not progressive and a clear indication that CMLM does not know what it wants to do (Moyakhe, 2015). The Matlosana Business Chamber, SAWIMA and other question whether the people that must facilitate this process have the credentials and knowledge to give it credibility (Ngwabeni & Sekhobela, 2015; Oosthuizen, 2015; Thamae, 2015). Oosthuizen (2015) says he will be surprised to find more than three of his members that know of the IDP. According to Minnaar (2015) the process is politically driven and as such becomes a wish list process that is devoid of any reality, and when you add reality, it will not be politically acceptable. Business is however not prepared to pay for projects for politicians to score political points. If however we can bring reality into the IDP, it will be a good process (Minnaar, 2015).

The term “wish list” came up in three interviews (Grobbelaar, 2015; Minnaar, 2015; Thamae, 2015), “cut and paste” twice (Moyakhe, 2015; survey responses) and “political mileage / benefit” twice (Minnaar, 2015; Thamae, 2015)

The survey results confirm the above positions (see Table 31)

**Table 31: Respondents views of the IDP (Source: Van Heerden, 2015)**

Answer Choices	Responses
— I don't know much about the IDP	<b>18.18%</b> 2
— The IDP does not add value to local economic development	<b>9.09%</b> 1
— The IDP is a good concept, but not well implemented	<b>45.45%</b> 5
— I find the IDP an effective document to work from	<b>9.09%</b> 1
— The IDP is a wish list used by politicians to score points in their constituencies	<b>0.00%</b> 0
— <b>Responses</b> Other (please specify)	<b>18.18%</b> 2
<ul style="list-style-type: none"> <li>• as per usual just about everything wallows in meeting upon meeting with huge spending being raide [sic] and very little ability to actually re-act on the decitions [sic] taken.</li> <li>• This is just a cut and paste document, lot of thumb sucking and no proper research, no milestones as well as Monitoring &amp; Evaluation in place</li> </ul>	
Total	11

One can conclude from the above that the IDP is flawed, insofar there was very little participation from the major stakeholders and it is not an integrated approach. It furthermore lacks planning that can exploit economic development opportunities for growth as an alternative to mining. Possible reasons for the poor support can be attributed to:

- A lack of understanding and knowledge on the side of stakeholders
- A lack of trust
- Poor institutional capacity
- Political interventions.

### 6.6.3 Skills Development

From the survey one respondent suggested that Orkney become the next Olifantsfontein, and be an artisan development hub for South Africa, exporting labour



to the rest of Africa. AngloGold has excellent artisan training facilities, which should be capitalised on. This was supported by Mosala (2015) and Thamae (2015) with the view that you will not be able to do industrial development if you do not have the skills to do so.

All three mining companies reported skills development programs in their SLPs ((AngloGold Ashanti, 2015c; China African Precious Metals(CAPM), 2015; Village Main Reef, 2015b)

#### **6.6.4 Infrastructure Provision and Maintenance**

The infrastructure in CMLM is old and has for many years not been upgraded, and now needs maintenance on a continuous basis (South African Cities Network, 2014). The CMLM has massive backlogs in the delivery of roads, sewer, water and other infrastructure in the townships (Grobbelaar, 2015). Grobbelaar (2015) says that it is a sensitive matter, but the council will have to strike a balance and upgrade the current infrastructure in order to attract new investment to the city. Grobbelaar (2015) reports: “Matlosana is situated on the N12, the main rail track is running through Matlosana, there is enough water and electricity given the closure of mines. These are important elements to consider for future development. In my view the guys making the decisions apparently do not realise that if you wish to develop an area you need to do two things. You need to provide bulk services. The decision makers do not understand the value of a properly serviced area if you want to encourage development. In Matlosana if investors want to come and develop here they are told: ‘you are welcome but you must build your own substation and you will pay for everything.’ In other words there is enough capacity but the big problem is the distribution. Secondly, you need to maintain infrastructure. The first thing a developer will ask himself before investing any money... ‘what is the condition of the infrastructure?’ Look at the condition of the N12 that is running through town - not the areas that SANRAL is responsible for... it is in a terrible state” (Grobbelaar, 2015).

All three business chambers concur that you cannot expect the economy to grow if the infrastructure is firstly not available and secondly not maintained (Mosala, 2015; Moyakhe, 2015; Oosthuizen, 2015)

### 6.6.5 SMME Development

Prior to 2013, AGA was the only mine that had an enterprise development program. The programme was started in 1998 with the aim of empowering black owned start-up businesses by giving access to funding and business skills. Funding was done through Masakhisane Limited, a wholly owned company of AGA, established specifically for the purpose of assisting SMMEs (AngloGold Ashanti, 2015d). The programme however did not deliver the desired results (AngloGold Ashanti, 2015d) and Masakhisane had to write off an amount of R2,2m of loans that could not be repaid by SMMEs (AngloGold Ashanti, 2014). The company attributed the failure of the programme to a lack of a holistic business support structure. AGA repositioned the programme and is currently in the process of setting up enterprise development centres (EDCs) that will support this and an incubation service (AngloGold Ashanti, 2015d). The objectives of the EDC will be (AngloGold Ashanti, 2015e):

- Assessing and mentoring existing and emerging entrepreneurs
- Capacity building through training, and development services.
- Facilitating access to sustainable markets by new and existing enterprises.
- Securing access to funding for established new businesses (Capital & Operational)
- Securing access to funding for expansion of established businesses (Capital & Operational)
- Securing access to additional funding to maintain the EDCs as sustainable businesses in their own rights (Seda, DTI, IDC, Setas etc).
- Developing a rigorous exit strategy.

The aim of the project is to create 185 new enterprises and 387 jobs over the next 3 years. The EDC will be made up of a main office in Klerksdorp, with satellite offices in Tigane, Khuma, Orkney, Jouberton and Kanana. AGA partnered with the Jobs Fund and will fund the project jointly with a budget of R10m per annum over the next three years (AngloGold Ashanti, 2015e).

Tau Lekoa Mine is supporting a Textile Hub and an Enterprise Development Centre in Khuma with a combined budget of R1, 546m (Village Main Reef, 2015b)

Modupi (2015) reports that CAPM was approached by DKKDM to convert No 4 hostel into a business hub. DKKDM has a big waste recycling project that potentially will provide 300 direct and 200 indirect jobs. They are also planning to start a cooperative training college in Orkney (SABC 2, 2015).

The concept of the EDC is in principle supported by most of the interviewees (Grobbelaar, 2015; Khuzwayo, 2015; Mataboge, 2015; Minnaar, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Oosthuizen, 2015; Thamae, 2015), while four of the five respondents that answered the question also responded positively. Private businesses need to find suitable and reliable black suppliers in order to comply with the B-BBEE Codes of Best Practice and hence the support for a good enterprise development program (Minnaar, 2015). At the same time there is concern that the EDCs alone will not create enough jobs to make a real impact on unemployment (Moyakhe, 2015; Ngwabeni & Sekhobela, 2015). It was strongly suggested that one need an anchor industry and then develop the SMME programme around the needs of that industry (Grobbelaar, 2015; Mosala, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Oosthuizen, 2015). Grobbelaar (2015) says that it is his experience that mines go to communities and start small projects that fail and that have no impact. “We start small businesses at the wrong level. You need an anchor business that can feed smaller businesses ... the meat processing plant is a good example. Imagine all the spinoffs ... you can use the hides, bones... “.

From the above it is surprising to note that there is no cooperation between the various parties, in spite the fact that they are all working in the same space. There may be a slight variations in focus, but is it enough to justify each having its own programme? Private business is currently sitting on the side line while in terms of the B-BEE Codes they need to spend 2% NPAT on Supplier Development. If private business, mines and government worked together, a more holistic and focussed programme could have been developed. There is no argument that there is a big need for the centres. It is also aligned with national government policy and initiatives as was discussed earlier. Apart from the sewing hub, the centres are focusing generically on SMME development which is good and necessary, but it allows little

room for technological innovation that are important to remain competitive in the global market.

### **6.6.6 Transformation of Procurement**

Interviewees were very critical about the extent that mines have transformed their procurement systems. A company like AngloGold Ashanti has met all its procurement targets as specified in the Mining Charter (AngloGold Ashanti, 2015d), but it would seem the issue is the lack of support for local business by the mining companies (Khuzwayo, 2015; Mosala, 2015; Moyakhe, 2015; Ngwabeni & Sekhobela, 2015; Thamae, 2015). Ngwabeni and Sekhobela (2015) ask: “Why these people [mining companies and private business] are not willing to take hands with the local people...?”

On the question if local procurement will not create further dependency on mining, Moyakhe (2015) and Khuzwayo (2015) was of the view that mining contracts will provide entrepreneurs the opportunity to build experience and a platform from where they can penetrate other markets.

In the survey respondents were asked to rate how well mining companies communicate new business opportunities. All the respondents said they don't know or rated the communication as poor with regards to CAPM, Village Main and Shiva Uranium. Forty three percent of the Respondents rated AGA as moderate to good. It confirms that the transformation of procurement systems of mining companies has not yet met the expectations of communities.

## **6.7 Policy Framework Issues**

### **6.7.1 Lacks Definition**

Two of the mining companies agreed with the fact that project definitions are vague and that it creates uncertainty about what projects will be acceptable to the DMR and what not (Mataboge, 2015; Moloko, 2015b). Evidence hereof was presented in paragraph 6.6.1.1 where there is clearly also confusion between government departments in terms of project choice. Mataboge (2015) says that he would like to know on what grounds a project is turned down. “That's the problem that I have.

You go there [DMR]... and they look at the project and then can say no we don't want it [sic]. Is it based on research or what?" (Mataboge, 2015).

Moyakhe (2015) say the act is also not clear on who the local community is. He is of the view it is more than just project definition, but that the entire MPRDA needs to be revamped. This process is presently underway. Minister Ramathodi, the previous Minister of Mineral Resources, said on this matter that the investment community needs clarity on the legal regime, prior to them bringing investment to the sector (Mc Kay, 2015).

### **6.7.2 Social Rehabilitation Fund**

There was support for the suggestion that mines must contribute to a fund similar to the fund set aside to cover the environmental rehabilitation liabilities post mine closure (Mataboge, 2015; Minnaar, 2015; Moyakhe, 2015). As an alternative Moyakhe (2015) proposed that an indigenisation policy similar to that in Zimbabwe be investigated.

### **6.7.3 Communication**

According to Moyakhe (2015) the MPDRA is very silent on social issues and covers mostly the responsibilities of the mine towards mine employees and rehabilitation in the case of mine closures. He strongly suggests that mines must be compelled to warn communities and businesses of their closure plans. Said Moyakhe (2015): "Yes, and it should be embedded in the MPRDA in the sense that, when a mine opens, Kobus will go out and put in a lot of investment and everything, at risk ... to himself, not for the mine. So when the mine closes, and Kobus is not even alerted and everything, Kobus now is in shit alone."

### **6.7.4 Mine Closure vs Liquidation**

No gold mine in South Africa have to date been closed successfully and have received a closure certificate as proof thereof. The DMR safeguard themselves against any environmental liabilities by not issuing a certificate, which implies that the last owner remains responsible indefinitely for any environmental damage caused by the mine. Acid mine drainage is typically such a liability and the extent thereof is difficult to access. It is therefore easier for a mining company to apply for

liquidation, than to wait for a closure certificate. The asset is then sometimes sold to a willing buyer with no experience or financial backing, as was the case with Aurora Empowerment Systems (Prinsloo and Marais, 2014).

*Mining go with love, because people see it as a monster...it's for risk takers" (Ngwabeni & Sekhobela, 2015).*

### **6.7.5 Regional Mine Closure Plans**

Where there is more than one mine operating in an area, the mines should agree on a regional closure plan. This will ensure greater collaboration and avoid the "last man standing" taking on the social responsibility for the entire region ((Mataboge, 2015; Moyakhe, 2015; Thamae, 2015).

## **6.8 Development Structures**

The lack in institutional capacity, trust, and collaboration prompted me to test the responsiveness of the various parties to a development structure that stands independent from government and the mining sector. The need for such a structure will be discussed, as well what form it should take.

### **6.8.1 The Dire Need**

The existing mining forum is made up of local mining companies and is facilitated by local government Khuzwayo (2015). This structure is however ineffective (Mataboge, 2015; Moyakhe, 2015). Moyakhe (2015) is of the view that local government is using the forum to drive its own agenda and does not deal with substantive issues that impact Matlosana. Khuzwayo (2015) is of the opinion that the mines took advantage of the fact that there is not alignment between the local and district municipality and attend meetings "as and when they want." He says that he is hoping that the Presidential task team on distressed mining towns will force the mines and DMR to come back.

There is very strong support for the formation of an all-inclusive development structure (Grobbelaar, 2015; Mataboge, 2015; Minnaar, 2015; Mosala, 2015;

Moyakhe, 2015; Ngwabeni & Sekhobelal, 2015; Oosthuizen, 2015; Thamae, 2015). This was also confirmed by the survey where 90% of the respondents stated there is a need for closer collaboration (also see Table 32 for their individual responses).

**Table 32: Respondents opinions on collaboration (Source: Van Heerden, 2015)**

1	Politics aside: the future of this town depends on its people, regardless of their political affiliation. At some stage we would need to put aside our differences and tackle the core issue at hand. By collaborating together and ACTUALLY finding the BEST solution FOR all as opposed to the solution for the selected few, we would achieve a lot.
2	Local Government must set the scene for emerging business to encourage employment
3	From small business to the top there is very little done to involve all. Small waits for big and big does not realise that small is what keeps them going to a great degree. Small does not have the ability and big is just too big in their own minds to incorporate small
4	The fact that Matlosane is under administration derail most of these initiatives
5	For there to be progress in the economy there has to be close collaboration amongst all parties to leverage on each other's strengths
6	No platform where actual interaction takes place, everybody 10000 ideas but not being implemented
7	How can business and government co-exist in harmony and economic prosperity if there is no communication?

There is a cry out for skilled people (Mataboge, 2015), the right people (Minnaar, 2015), people that is genuine without ulterior motive (Ngwabeni & Sekhobela, 2015), people with knowhow (Thamae, 2015), senior people with a passion for Klerksdorp (Oosthuizen, 2015) and subject specialists (Grobbeelaar, 2015). "You need your actual [sic] people...and the important thing is to have interest in the industry. It's no use taking a supermarket owner ...and say he / she must come and talk on issues of mining. Mining go with love, because people see it as a monster...it's for risk takers" (Ngwabeni & Sekhobela, 2015).

This organisation must be able to: give direction (Mataboge, 2015), inform and disseminate information (Mataboge, 2015), be able to implement (Mosala, 2015). Grobbelaar (2015) says a forum of this nature will also take out the competing element between mines.

### **6.8.2 The Kind of Structure**

There are split opinions on who the facilitators of this development forum should be. From business side the suggestion is that it should be a private company owned by businessmen and women (Mosala, 2015). Another suggestion was that it should be one of the chambers (Thamae, 2015). Mataboge (2015) is of the view that the mining forums, which are a requirement for mines to have in terms of the MPDRA, should be expanded to form a regional mining forum. This mining forum can be expanded to accommodate businesses and NGOs. Ngwabeni and Sekhobela, (2015) and Minnaar (2015) are of the view that chambers and other structure do not have the financial resources or legal powers to have an impact. It is their position that the DMR is the most suitable organisation to facilitate the process (Minnaar, 2015; Ngwabeni & Sekhobela, 2015). Ngwabeni and Sekhobela (2015) warn that if you give the responsibility to big business the voice of the community will again be lost. Minnaar (2015) says the DMR has the powers to call mining companies to the table and to keep them responsible whereas other structures will find it difficult.

### **6.9 Conclusion**

Using constant comparative method the data was grouped into eight themes. The first theme confirmed the challenge of LED and the need for change. This was followed by an overview of how interviewees perceived the people and the external environment they live in. The third theme took a closer look at the roles the main actors (i.e. the mining companies, municipality, DMR, communities and business chambers), play in the community. The fourth and fifth theme dealt with the inadequacy of current planning, institutional capacity and the failure of key enablers for a local economy to function properly. The policy framework was under discussion in the sixth theme and in the seventh theme a desire was expressed for change, with alternative structures being discussed. If one must summarise the findings one can see a failure in the basic management principles of Planning, Organising, Leading



and Control , which is causing frustration amongst stakeholders and is contra-productive to economic development in the region.

### **Voice Box 2: Rehabilitation at All Cost - The Story of Skake Thamae**

*(I included the story of Skake Thamae to illustrate how deeply people's lives are intertwined with mining and then, come mine closure, things that you cherished and that formed part of your memories are just ripped away from you. Skake's fight to salvage some the infrastructure encapsulate almost all the findings of my research)*

It clearly started when I was just a little boy, staying in Khuma. We used to play soccer in the mines after school, because of the luxuries that were there at the compounds. We could go there and have some mageu from the tap at the mine and that was a very awesome experience. It was very unusual for us to get mageu like water from the tap and that is exactly what happened on the mines. It is what they called jabula. Jabula is that phuzamandla – to drink energy. We could then play soccer afterwards. You will hear the loudspeakers calling the workers to come and eat supper. We used to go there to access that type of drinks as well as the food there. The food used to be called nyola. It was a combination of your samp, a combination of your beans, a combination of meat, a combination of vegetables. Just in one pot... very delicious. We used to go there and enjoy that, but we went there to play soccer, tennis because now the infrastructure was there in the married quarters. Remember there were parents there - the parents that used to work on the mine were staying there with their kids. This were more the senior people, like clerks and so on. Now, we used to visit our friends there to access all these benefits. That is how we grew to understand almost everything that was happening there as young kids. It started there as young boys of seven years, eight years, nine years, ten years.

As we grew older to that level of high schools as well as tertiary... now you observe certain things; you out of school, again you will be looking for a job,... many things happened ... as an adult now, not as a little boy of seven to 15 years. Now you see the mines closing. The first mine that started closing ... it was Stilfontein Mine Gold

Mine... where there used to be beautiful arenas and a stadium, tennis courts. Now, we saw the bulldozers destroying infrastructure, where we used to go and play at. You see... we used to go there and play tennis, soccer and all those sporting codes because they were there at Margaret, in Stilfontein. Next time when we go there ... there were bulldozers now...they are destroying them.

We could do nothing... as young boys. All that you see ... it's the work of the mine, its fine. When I grew wiser I only realised when we were revolting in the township, revolting for service deliveries, wanting the government to give us this and that, I only realized that some of the things that we are looking for from the government...they were there and no-one protected them. They were there built by the mine. I found it stupid that the elders from that time when I was still a boy could not stand up, but again I said maybe it was before 1994 where things got changed...where the rules and regulations in the mining industries have changed.

Now, I ask myself a question: am I going to behave like those elders by the time I was still a boy? And do what? And say "that's not my problem"? Or am I gonna [sic] say "How can I help, how can I make it better"? I started visiting the mine that was now closing. Stilfontein [mine] was no more. The only mine that was operating was Buffelsfontein and Hartebeesfontein that's the mine that's nearer to us. I kept on visiting them ... with a view of...looking for opportunities, not employment, opportunities. With the view of engaging them. And I got known by then cause [sic] I was curious. I thought of those mines...this...it was JCI...I was not yet matured, but I could visit. JCI left ..., sorry. DRD. I engaged DRD. I could not get so much, you know ... a warm welcome and stuff. When DRD left came [sic] Simmer and Jack. When Simmer and Jack came I met a guy by the name ofXXXX, He was welcoming. We started, you know, having a chat...very influential meetings ...and I felt like I'm getting somewhere. I'm asking him then "XXXX, do you think when we leave here, are you gonna [sic] do the same thing that happened in Margaret where you are going to demolish all these properties that are beautiful? Or can you enter into some form of an agreement or a memorandum of understanding that the realisation was I'm so much interested, in saving them ... in gazetting them ... so as to maximize on them...other than demolishing them I've got a plan about them. Not surprized ... he

gave me an opportunity.

There were guys, older guys in my township who also used to go to the mine looking for business...almost the same way as I was approaching the mine. [They got the message] ..."there's a young guy, he always come here...you guys are talking almost similar things. How about you guys joining hands together so that we should deal with just a group of people, not individuals". It made a lot of sense. Others are not gonna [sic] say it was. My elders ... let truthfulness...my elders were crooks...my elders did not represent well...my elders were greedy... my elders wanted to side-line me now...that they did now...

I met with all those mines. As said it was JCI; after JCI it was DRD; after DRD it was Simmer and Jack; after Simmer and Jack Simmer and Jack being mixed with First Uranium where they started the Mine Waste Solutions thing and all the stuff where they started reclaiming from the slime dams. After First Uranium, then it was Village Main Reef Mines finally. At Village Main Reef Mines it was RRRR and BBBB the people that I got to know. We were given the properties to manage...

The hostel...Nr 6. We were managing Nr 6 together with the elders [referred to earlier] ... managing them, cleaning them, with an intention to give them to us when they leave so that you should come up with a unique business that we think we can do. I had a number of business ideas that I didn't dish out to the members. I think we operated for two years and they get down deregistering me from the company sequel.

After the intervention of the General Manager I got registered again into the company. That is pure greed.

There was a time where we engaged with the municipalities (it was China Ddovu then) where they were supposed now to transfer ownership of the properties to us so that we should start thinking exactly what is it that we want to do when they leave. We should start planning. You know, they used to say in the meetings very derogatory languages...political, politics and all

There was a clause...only that clause...to sign on the clause that you're not gonna

[sic] put politics into business...just to say but: no, no, we're living in politics...everything is politics. Simple thing like that. It stalled the signing of the transferral of ownership of properties. Now, after that happened...what I did...we lost that deal. I said that... I said my dreams are not their dreams. We don't dream alike. I went back to the mine. They already knew me. I said now I'm starting a company with a group of women, which is Progressive Women Cooperative.

Progressive Women managed to acquire all those hostels in Buffels...the one that are getting vandalize. I been heard inside now...what happened?

Letters of intent signed by RRRR...others signed with the instruction of RRRR...

I'll tell you what we wanted to do here, né [sic]... At No. 5 we have signed a memorandum of understanding with Pretoria Technicon to open main campus...Pretoria Technicon North West at No. 5 to make sure that there is business activity in Stilfontein that is called a ghost city...the sweet understanding that whilst we got all these students from all the provinces as like in Vanderbijlpark, in Potchefstroom where you got students... Now there's no way that a place that has got an institution of higher learning will never attract economic activity. If for sole reason that, and I'm not going to blow my own horn...it's my planning...

I'm gonna [sic] give you every document...even the pictures. Now, nr 5 was going to be an institution of higher learning - Pretoria Tech - where we're going to offer scarce things of apprenticeship. Now, it was not gonna [sic] be only the society of kids all over the provinces, né. I went even further to the head of Correctional Services. I want you to listen how lucrative this was gonna [sic] be.

There are people in Stilfontein who can do that. There are teachers who are now old, né. We've got this tendency of taking our elders, our old...our oldies, né, aside to say they're now unemployable. And that's where the brains is, that's where intelligence is. They're sitting there, they're unemployed. That was No. 5. Now, it was supposed to be an institution of higher learning for apprenticeship for the scarce skills in ICT. Remember I said we signed a memorandum of understanding: ICT Engineering Academy that was going to work hand in glove with Pretoria Tech. ICT Engineering

Academy...we have signed. We are going to do business together.

Now, I went to the head of Correctional Services. I presented to him and I wrote a presentation to him about bringing their inmates that are left with 12 months, 9 months and 6 months...those who are about to be released in prison.

For reintegration phase. Where should they go? I said to them we want what you call a halfway house for those kids, a day parole centre on site (at nr 5) because No. 5 resembles an institution of higher learning. The way the plan is

At Correctional Services we're gonna [sic] teach these kids who are left with 6 months, 9 months, 12 months to get training skills of apprenticeship for when they go to their society they are well equipped. They can weld, they can do electrical, they can do plumbing, boiler making, what have you. That was gonna [sic] be done at No. 5. You see there is sustainability...there's a support from the government's side. Now, we were gonna [sic] house them cause there are some dormitories there for them to be taken away from the environment of prison and put them in an enabling environment where they mingle with students. They're now kids that are supposed to be like kids not prisoners anymore before they could go to their homes. That was gonna [sic] be a halfway house for them. And even those that does not know as to whether their house...

They would have stayed in the hostel. Remember, one inmate, the government was spending R3 009 per inmate per month. So we are gonna [sic] reduce it to accommodate that, to take them out they would have subsidized them but it was gonna [sic] be a bankable business for us.

Now with No. 6, I went to Human Settlement for No. 6. Cause [sic] No. 6 already it was...the plan is that one of married quarters. The plan is that one of family units: 2 bedrooms, one kitchen, bathroom and...

In No. 6 we're gonna [sic] have now...help Human Settlement with their backlog of giving low cost houses to the communities.

Currently the government is building an RDP house for R111 000...you can

imagine...that has got no flooring...that has got no wardrobes ... no zink cabinets...no ceiling. There you're gonna [sic] get them because we're gonna [sic] probably spend only R35 000 to R50 000...per unit...then you sell it for R111 000 to Human Settlement. How much profit do you think we're gonna [sic] do? More than R60 000 a unit. Now, there's a bankable business there. Now we are developing communities. Now we are growing as individuals.

[There is a private investment company that would bankroll the project. We also thought to approach the mine and say:] ""Guys, now that you are not gonna [sic] rehabilitate and demolish this infrastructure we have saved you energy and money. Where does that money of rehabilitation go?

And then I submitted the whole thing that I'm talking about with you now to the DMR Office and give it to SLP director to say: ...it's not gonna [sic] be a ghost anymore. Now, DMR, this is the good job that Village Main Reef has done for us in terms of acquisition of these properties and remember it impacts on their Social and Labour Plans to say we're gonna [sic] have their credentials.

Now we're supposed to do transfer of ownership in that Village Main Reef must transfer ownership from them to us that we own this property. Now they want to transfer the land. They don't know who does the land belongs to. No, I'll tell you, even now it is unknown as to who does it belongs to.

The mine stopped communicating with me.

I think, finally, what I can tell you...my heart is sore...where I did not get the cooperation from Village Main Reef Mines for such a business...good business initiative that would promote them... for them to be seen as a company that really cared, even though they were outgoing but they really tried...they missed that opportunity...my heart is bleeding for the opportunity at hand.

*Unfortunately Mr Thamae's story does not have a happy ending. The only people that benefited were the zama zamas that broke down most of the infrastructure. There is a strong suspicion that one of the local politicians wanted to hijack Mr*

*Thamae's business concept and caused the confusion on the transfer of the land.*

*Mr Thamae gave me copies of various documents including the business plan he submitted to the DMR, as proof of the legitimacy of his story. Sad, but true.*

## Chapter 7 – Conclusions and Recommendations

*If you don't know where you are going, any road will get you there (Carroll, n.d.)*

### 7.1 Introduction

This chapter summarises the main findings by starting off confirming the risk and the severity of the risk. It then continues to discuss risk mitigation and the reasons why the mitigation measures are inadequate. With this background an effort is made to answer the research questions that were stated at the start of the study. Lastly the findings of this study are compared with the findings of similar case studies elsewhere.

### 7.2 Mine Closures: Probability and Impact

#### 7.2.1 Mine Closures Inevitable in Near Future

Given current market conditions downscaling of mining operations will continue in the CMLM with four mining operations (Kopanang Mine, Great Nologwa Mine, CAPM and Tau Lekoa Mine) likely to close over the next five to seven years. A number of factors can however impact closure decisions, of which the more important are:

- the gold price
- investor confidence that is influenced by stable political leadership in mining, an unambiguous legislative framework and surety pertaining to issues of ownership.

#### 7.2.2 Impact of Future Mine Closures

The economy of CMLM is better structured and more diverse when compared to the Free State Gold Fields. This should contribute to cushioning the negative impacts of downscaling, but there is still an overdependence on mining that will negatively impact the economy. The social burden on government resources will increase while government will lose the revenue normally received from mining companies. Unemployment will increase and there is already an increase in crime levels mainly as a result of the activities of the zama zamas. The activities of these illegal miners will increase as more mines close and the tragedy behind this negative behaviour is



the sheer desperation of the miners and community members to find some form of income irrespective of the cost to them or the community. As was the case at Buffelsfontein Mine, the complexity of the situation escalates as the zama zamas organise into gangs that are armed and a law unto themselves. The police is outnumbered and unless they start a mini war cannot effectively deal with the problem as was the case at Marikana. It will take a concerted effort from all stakeholders to deal with the complexity of this phenomenon and it starts with mining companies actively engaging stakeholders and meeting their social responsibilities in host communities.

### **7.3 Provincial Strategy, IDPs and SLPs**

The CMLM is the custodian of the IDP and LED is a key component of the plan. Although not quantified, the objectives are to reduce unemployment, poverty and inequality and to address the legacies of apartheid in villages, townships and small dorpiess. This is in line with the provincial strategy. Mining companies must compile SLPs that is aligned with the IDP and should complement the IDP, and not substitute the plan of local government. It is confirmed that CMLM has an IDP and that the four mining companies have SLPs.

### **7.4 Key Failures Identified**

In order to enhance the understanding of this section, LED can be compared to a game of soccer (or any other game for that matter). There are five fundamental principles that must be in place to allow for a game to be played. In short the game cannot be played if the rules are not clear and everyone - players, coaches and referees, does not have the same interpretation thereof. The game is likely to end in a fight if the referee is not present or only intermittently there. All the players must buy into the same game plan to ensure success. The team must have a captain and the coaches and support staff must be credible and skilled. Lastly the field must be maintained and the floodlights must be on to allow the game to be played. If these five principles are not maintained, it is game over. In the following paragraph the same principles are applied to LED within the context of a mining town.

In the first place the MPDRA lacks clear definitions and has gaps relating to the social responsibilities of mining companies. The interpretation of the Act by the DMR, CMLM and Mining Companies are not the same. It causes delays in project

implementation and frustration amongst stakeholders. Secondly the DMR is unable to discharge its legal responsibilities as it is understaffed. Mining companies wait for months before their SLPs are approved, which creates unnecessary tension between communities, local government and mining companies due to slow implementation of projects. Thirdly the IDP has no credibility amongst stakeholders due to the fact that all spheres of government are not aligned and their contributions not integrated into the plan. Furthermore the consultation process lacks proper engagement by all stakeholders. The lack in confidence in the CMLM as institution also does not help this process. In the fourth place there is no confidence in the political or technical leadership of CMLM to move the city to sustainability beyond mining. The leadership amongst business and the broader community has up till now also lacked in their efforts to steer the economy into a different direction. It was suggested that the lack in interest to take ownership, can be found in the fact that people are drawn to mining towns for employment and as such do not have a vested interest to make a long term personal investment in the area. Lastly, the economy can only grow if the infrastructure is available and maintained, and this is currently not the case in the CMLM. The infrastructure is old and has for many years not been upgraded. Maintenance of the existing infrastructure is also of concern. The focus of the IDP is on poverty alleviation and addressing the legacies of apartheid and not on exploiting opportunities to create an environment for future investment and growth.

## **7.5 Questions and Answers**

Given the background in the previous paragraphs it becomes easier to answer some of the research questions.

### **7.5.1 Does the policy framework support sustainable development or does it need to be adapted?**

It is clear that the present legal framework is part of the problem. Two aspects need to be highlighted i.e. the approach of government to development and secondly socio and economic sustainability post mine closures. The lack in projects in the IDP and SLPs to substantially address developmental problems impacting the long term sustainability of the city is evidence to the fact that it is for the most part 'business as usual'. One cannot help coming to the same conclusion as Swilling (2008) when he states "What is missing is the policy commitment to substantive sustainability across

all spheres of government". Secondly the destructive nature of mine closures on the economy and host communities is evident in the findings of the research. The MPRDA needs to express itself much stronger on social and economic sustainability post mine closure. The Act needs to be much more explicit with regards to what it expects from mines and other stakeholders to ensure proper collaboration and partnerships.

### **7.5.2 With regard to the role of the local government, what is the quality of their Integrated Development Plan (IDP)?**

As alluded to in the previous paragraph, the CMLM is under administration and is not fulfilling their mandate. Their IDP is not integrated and major stakeholders such as private business and mining companies did not influence or participate in the IDP. There is little evidence that the IDP is dealing with the risk of downscaling in mining or exploiting new opportunities for development. The IDP is described as a wish list and devoid of any reality and as such does not add value to local economic development.

### **7.5.3 Will this IDP and related sectorial plans and strategies contribute to bringing about a sustainable post mining economy?**

The economy of CMLM showed a negative growth of – 4,5% over the period 1996 to 2001 and 'improved' to -2,1% over the period 2001 to 2011. The optimistic view is that the economy will grow in spite of downscaling of mining operations. Furthermore there are a couple of initiatives such as the Business Development Forum and the Neighbourhood Development Grant that may lead to the establishment of catalytic projects that can stimulate growth away from mining. The IDP is however not focussed on economic development and growth, but on reducing the backlog of infrastructure delivery to townships and villages. The lack in integrated planning will further hamper development due to the poor state of the current infrastructure and the availability bulk services. Klerksdorp may have a sustainable economy post mining, but Stilfontein and Orkney will be hard hit by further downscaling.

#### **7.5.4 To what extent have mining companies integrated their social labour plans with the IDP?**

Mining's response must be viewed within the context that they are but one of many players in the field. Mines are not government, but there is an expectation that mines must do the work of government. The fact that local government is failing in its service delivery makes these expectations worse. Six themes emerged that impact the quality of the response from mines. Firstly, mines work from the IDP to formulate their SLPs. The response therefore is just as good as the quality of the IDP. It is reactive in nature as the mines don't engage with the IDP process proactively. Secondly, the spirit of the Act is not complied with, and some mines approach SLP projects as a ticking-the-box exercise. Thirdly, in the absence of a regional closure plan, projects are selected at random, which do not serve the longer terms needs of the communities. Fourthly, there is no functioning mining forum in place, leading to duplication of projects and effort. Opportunities are missed to collaborate and work together on projects and enhance the benefit thereof. Typical examples are the EDCs and agricultural projects that the mines are doing independently from each other. In the fifth place is there an over-emphasis on infrastructure development and little is done on income generating projects and SMME development. As a result, very little jobs have been created in the 2010 to 2014 SLP period. There is hope that the EDCs in the 2015 – 2019 SLPs will be more successful in creating more jobs. Lastly, the mines are criticised that their local procurement spent is not benefiting black emerging contractors enough.

The overall response from mining companies to the socio-economic needs of host communities was disappointing, but it must in the same breath be said that some of the mines are doing excellent work. The reality however remains that as long as the mines are expected to deliver on community development projects within a bigger dysfunctional system, communities will never reap the full potential of their efforts.

#### **7.5.5 How healthy is the partnership between mining companies, private business, local government and the community?**

There are exceptions, but in general one cannot speak of any strong partnerships. With the sudden closure of Buffels and the corrupt performance of Aurora Empowerment Systems not long before that, the trust levels between the community and mines are very poor. The CMLM have very little credibility anywhere and is

under administration. Even the cooperation between mines is limited. The partnerships can therefore only be described as poor, with no overarching forums in existence.

#### **7.5.6 Are these plans being implemented, by whom and will it still be the case post mining?**

Implementation remains a problem for the reasons already stated. As a result there is a very strong suggestion to establish an independent development forum that can assist in these matters.

#### **7.5.7 Are we doing the right things right?**

At the onset of the study it was almost assumed that the *right things* are in place and that the study would focus more on improving efficiency, innovation and the global market place. *Right things* refer to basic management functions i.e. plan, organise, lead and control. None of these basic functions are currently in place and as a result one can hardly then comment on the second part of the question that deals with efficiency. The focus of the recommendations is therefore that the first priority should be improving the legal framework and planning arrangements.

### **7.6 Similarities Found to Studies Elsewhere**

Table 33 provides a summary of similarities in research findings of other case studies compared with the findings in the CMLM

**Table 33: Comparison of findings from different case studies**

<b>Topic</b>	<b>Finding elsewhere</b>	<b>Finding Matlosana</b>
Vision	Stakeholders do not have a common vision (Marais, 2013a)	True
Commitment	Local Government has a half-hearted approach to LED initiatives (Nel & Binns, 2002)	True
Impact	Although there have been successes the effort however did not commensurate with the number of jobs lost and the other negative impacts on the economy (Nel & Binns, 2002).	True

Topic	Finding elsewhere	Finding Matlosana
Integrated Development Plans	In the absence of clear guidelines of what are acceptable projects and what not, projects are evaluated on a project by project basis. This does not support the principles of integrated planning and creates confusion as what may be acceptable today may not be tomorrow. As a consequence it also led to infrastructure development being over emphasised (Marais, 2013b).	True
	The quality of IDP plans are poor and few make a meaningful contribution to local economic development (CSD, 2006).	True
	Marais describe IDPs and SLPs as “wish lists” (Marais, 2013a).	True
Planning Process	Planning should start at the onset of the mining project.(CDS, 2006; Marais, 2013b) In the case of the Free State Goldfields planning started 40 years after the project started and this was not good enough (Marais, 2013b).	True
Public Participation	The public participation process, which should be the cornerstone of the IDP, is deficient (CDS, 2006).	True
Local Governance	Matjhabeng: dysfunctional local governance characterised by political infighting and interference with non-governmental agencies to execute their mandate (Marais, 2013b).	True
	Lack in capacity in terms of number of staff, skills, funding, poor organisation structures and a turbulent political environment (CDS, 2006; Ndaba, 2010).	True
	In some cases there is no alignment between	True

Topic	Finding elsewhere	Finding Matlosana
	the district and the local government relating to economic development priorities. This makes constructive engagement with these authorities very difficult. (CDS, 2006).	
Partnerships and Trust	A total lack in trust in mining companies due to amongst other frequent changes in ownership (Marais, 2013b).	True
	Trust is central to a partnership concerned with local economic development, integrated development planning, infrastructure delivery and human resource development (Rogerson, 2012).	True
	The Rustenburg Municipality is unable to get cooperation from its stakeholders to assist in the process to formulate a proper LED strategy for the region and as a result mining companies do what they think best in the circumstances (Ndaba, 2010).	True
Implementation	There is a need for an institutional mechanism that is capacitated to drive the economic development initiatives post closure. It will require exceptional effort to coordinate between local initiatives and key stakeholders i.e. mining houses, local, provincial and national departments and forums (CDS, 2006).	True
Mine Closure	The local economy is overly dependent on mining (Ndaba, 2010).	True

## **7.7 Recommendations**

The recommendations are twofold. At a local level it is required to restore trust and to fix systems and implement actions that will improve current planning arrangements. Secondly, amendments to the MPRDA is proposed

### **7.7.1 Trust and Planning Arrangements**

#### **7.7.1.1 Build Trust and Obtain a Mandate**

The levels of trust between the various role players are so poor that as a first step actions need to be put in place to rebuild the trust. It is proposed that a day be set aside for round table discussion by representatives from mining companies, business leaders, NGOs and local and provincial government. This meeting must be attended by senior management at an executive level with the purpose of:

- Meeting the various actors
- Listening and gaining understanding of the problem
- Agreeing on a way forward.

The following two paragraphs discuss items that should ideally be part of the agreed mandate.

#### **7.7.1.2 Fix Things**

In principle the IDP, if properly constructed, can work. The three areas that must be improved on are:

- Collaboration
- Proper integration
- A focus that is inclusive of community needs, but also allows for future opportunities and threats

#### **7.7.1.3 Align and Implement**

There is a need for an institutional mechanism that is capacitated to drive the economic development initiatives. Further research will be required as to the form and structure of this mechanism. The purpose thereof will be to:

- Give guidance on economic growth opportunities



- Interact with community organisations
- Set clear goals
- Align and coordinate private business and mining socio economic development initiatives
- Facilitate and coordinate with universities, agencies and consultancies on a needs basis.

### **7.7.2 DMR Capacity and Amendments to the Legal Framework**

The NW province DMR is poorly capacitated and in need of additional resources to effectively discharge their legal responsibilities with specific reference to mining SLPs.

With regards to the legal framework, the following aspects need to be addressed:

- The definitions of socio-economic development projects are vague and need to be clarified
- There need to be greater alignment between the B-BBEE Codes of Good Practise and the Mining Charter
- Where there are more than one mining company operating in a community, the Act must provide:
  - Guiding principles for the establishment of a regional closure plan for the area
  - Guidance regarding mining companies' contributions towards the regional closure plan in terms of time, effort and financial support. It should also provide for scenarios where mines close prematurely.
  - Financial assistance from government in the event of unplanned closures
  - Mechanisms to oversee implementation of regional closure plan.
- A fund that deals with socio-economic problems post mining needs to be provided (similar to that of the environmental rehabilitation fund).
- The Act must clearly define mining companies' roles and responsibilities regarding collaboration and partnerships.
- The process of obtaining a closure permit should be revisited, to avoid mining companies taking the "easier" route of liquidation.

## 7.8 Conclusion

I would like to close off on a somewhat cynical note, but the cartoon in Figure 18 encapsulates the essence of the study. Mine closures within the global context is nothing new and there are many case studies that one can learn from, in order to avoid the same mistakes. Even in South Africa there is a body of knowledge that is being developed, that indicates poor institutional capacity and the same mistakes being made time after time. Yet, it seems non-one is learning from these cases. Self-interest (or “what’s in it for me?”), be it political, be it a quick profit, be it pure corruption, seems to be the only consideration. The only difference with this scenario and the cartoon is ... there is an entire community in the box cart.

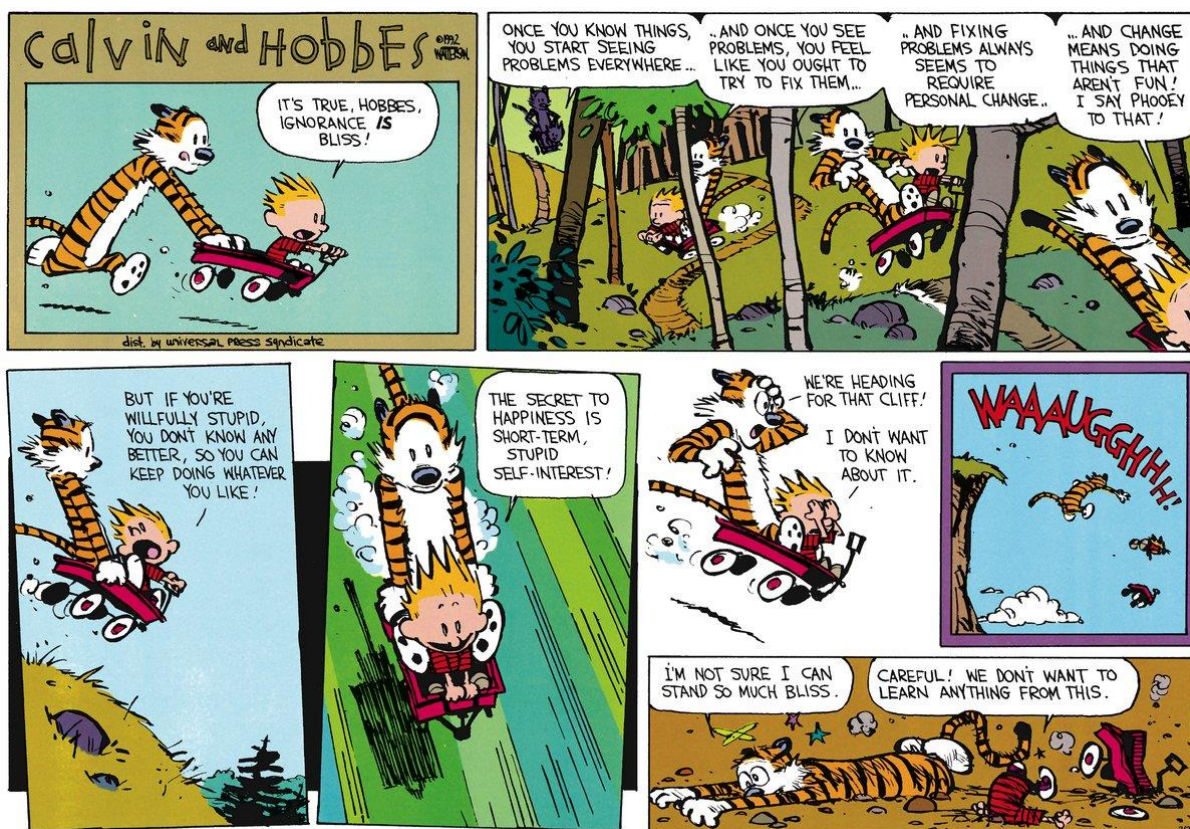


Figure 18: Ignorance is Bliss (Watterson, 2012)

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## **Appendices**

Appendix A – Question guide for Interviews

Appendix B – Survey Questions and Results

## **Appendix A – Question Guide for Interviews**

### ***Content***

Guiding questions for Community Organisations

Guiding questions for Town Planners

Guiding questions for SLP Coordinators

## COMMUNITY INTERVIEW QUESTIONNAIRE

1. How do you see the future of Matlosana given a decline in mining?
2. Is the business community prepared for this decline?
3. Have business, community taken ownership of future of Matlosana?
4. Do we have the business leadership to do so?
5. Do mines communicate their status and life of mine with communities?
6. How do Mines communicate?
7. What is business doing to lessen the impact of mine closures?
8. Is there a good relationship with mining companies in general?
9. Does business interact with mines re mine closures and work on projects together with mines?
10. Can this relationship be improved on and how?
11. Are you part of the Matlosana Mining forum?
12. How effective is this forum?
13. Are there other structures in place to have this kind of strategic sessions?
14. Is there enough guidance from local government on the direction we need to grow the economy?
15. What is the most important area we need to develop in Matlosana?  
(Skills dev, Infrastructure, SMME)
16. Have mines sufficiently transformed their procurement and do they support local business?
17. Will local procurement not increase mine dependency?
18. What are your main challenges when interacting with the mines?
19. Why is there such a high failure rate in SMMEs?
20. The Amended Codes became effective 1 May 2015. In terms of the Amended Codes you need to spend 2% NPAT on Supplier development, 1% NPAT on Enterprise Development and 1% NPAT on socio-economic development projects. Are there enough guidance to a common strategy to have a focused approach rather than everyone doing his own thing ie. Cluster formations, green technology, innovative solutions etc.?
21. Are you taking part in the IDP process and do you influence it?
22. What is your view of the IDP process – does it add value to LED?
23. Do you think the mines are doing enough and what is enough?
24. Any other comments or suggestions?



## INTERVIEW QUESTIONS: MAXIM – TOWN PLANNERS

### 1. Policy Environment

- 1.1. From a policy point of view is the IDP process well defined to deliver the desired results?
- 1.2. Research elsewhere has indicated that the definitions and guidelines in the Mining Charter are vague and unclear. What is your view?
- 1.3. Is their alignment within the broader spatial planning frameworks?

### 2. Strategy

- 2.1. What are you aiming for? What measures are in place to indicate that your projects and initiatives are paying off?
- 2.2. Mines brought huge infrastructure and bulk services to the region (electricity, water, workshops, housing, etc.). They have high tech accredited training centres and skilled engineers and scientist working in the area. What strategy, if any, is in place to utilise this infrastructure and capitalise on the skills base that is currently available, post mining?
- 2.3. Given the previous question, are the focus on smme development correct – in light of the mass infrastructure and bulk services available should it not be the development of industry type investments ie foundries to do beneficiation? or car assembly plants?
- 2.4. SMME development is currently more focussed on access to funding and business mentoring. Research shows this is more of the same with low success rates. If we must compete in the international market should their not be a bigger focus on **innovation in a high technology environment?** Projects that capture the opportunities in the green economy for instance.
- 2.5. In SMME development to what extent do you maximise the benefits of clustering? Is there a clustering strategy in place and what are the clusters?
- 2.6. Interventions are project based as opposed to be informed by strategy?
- 2.7. What should be the areas of focus?

### 3. Communication

- 3.1. Are the mines communicating with the community? In other words are there platforms that are accessible to the community to also speak their mind or is it one way communication?
- 3.2. How regular should the mines communicate and how and to whom should they communicate?
- 3.3. To what extent does the power dominance of mines hinder effective communication with business / local council?

### 4. Planning

- 4.1. Have we started planning for mine closure early enough?
- 4.2. Do we have the right people around the table to talk to mine closure?

- 4.3. Are you allowing for mine closures in your planning processes?
- 4.4. Were any of the recent closures foreseen?
- 4.5. Are there a regional mine closure plan for Matlosana that coordinate and align closure plans amongst all mines? Is there a need for such a plan?
- 4.6. Are the land owned by Mines used effectively?
- 4.7. What is the long term plan for this land?
- 4.8. Is the IDP process adding any value to local economic development?

## **5. Collaboration**

- 5.1. How would you describe the relationship with Government, business, community and mines?
- 5.2. What are your challenges getting cooperation from Mines?
- 5.3. Trust is an important element of collaboration – do you trust the mines?
- 5.4. To what extent is there cooperation with the local universities?
- 5.5. To what extend is the vision amongst government agencies & departments (labour, DMR, public works, DTI, agriculture) aligned?

## **6. Implementation**

- 6.1. Do you think the municipality has the capacity to effectively coordinate mines and mining projects
- 6.2. Do we need an independent structure to coordinate initiatives and assist in planning?
- 6.3. Is there enough funding to promote local initiatives?

## **7. General**

- 7.1. In your view are the mines doing enough and what in your view is enough?
- 7.2. Do we have the leadership in business, local government and civil society to implement a good LED Strategy
- 7.3. Apart from project delivery on an operational level, what should mining companies do to enhance Local Economic Development in the region?
- 7.4. To what extent are the following institutions play their part in LED:
  - 7.4.1. Organised business
  - 7.4.2. Civil Society
  - 7.4.3. Labour
  - 7.4.4. Local government
  - 7.4.5. DMR

## **INTERVIEW QUESTIONS: MINING**

### **1. Strategy**

- 1.1. What are you aiming for? What measures are in place to indicate that your projects and initiatives are paying off or do you measure compliance only?
- 1.2. Mines brought huge infrastructure and bulk services to the region. They have high tech accredited training centres and skilled engineers and scientist working in the area. What strategy, if any, is in place to utilise this infrastructure and capitalise on the skills base that is currently available, post mining?
- 1.3. Given the previous question, are the focus on smme development correct – in light of the mass infrastructure and bulk services available should it not be the development of industry type investments ie foundries to do beneficiation? or car assembly plants?
- 1.4. SMME development is currently more focussed on access to funding and business mentoring. Research shows this is more of the same with low success rates. If we must compete in the international market should their not be a bigger focus on innovation in a high technology environment? Projects that capture the opportunities in the green economy for instance.
- 1.5. In SMME development to what extent do you maximise the benefits of clustering? Is there a clustering strategy in place and what are the clusters?
- 1.6. What should be the areas of focus?

### **2. Organisation Structure**

- 2.1. Where does CSR fit into the company structures?
- 2.2. What does your organisation structure pertaining the planning and execution of the SLP look like (projects, communication, governance)?
- 2.3. Who is the custodian of SLP (What level in the organisation)
- 2.4. What platforms are you involved in ensuring alignment with IDP? (Local Gov, other mines, employees, communities).
- 2.5. How effective are these Platforms?
- 2.6. Do we need an independent structure to coordinate initiatives and assist in planning?

### **3. Policy Environment**

- 3.1. Research elsewhere has indicated that the definitions and guidelines in the Mining Charter are vague and unclear. What is your view? Ever had a problem that Municipality approves a project, but it is rejected by DMR?
- 3.2. Is their alignment within the broader spatial planning frameworks? How do your projects link to the NGP, SDP, etc

3.3. What is your view on the following two questions:

- 3.3.1. Community development in the Mining Charter is based on a percentage of NPAT. If the mines perform poorly then the community don't benefit (in spite not being recognized historically). Is this fair?
- 3.3.2. There is a rehabilitation fund to do environmental rehabilitation post closure. Should the same principle not be applied to do community development post closure?

#### **4. Communication**

- 4.1. How do you communicate with the community?
- 4.2. How regular should the mines communicate and how and to whom should they communicate?

#### **5. Planning**

- 5.1. Don't you think there should be a regional mine closure plan for Matlosana that strategically coordinate and align closure plans amongst all mines?
- 5.2. Do you have a land use policy?
- 5.3. What is the long term plan for this land?
- 5.4. Is the IDP process working for you? Do you influence the process strategically?

#### **6. Collaboration**

- 6.1. Are and how are mining companies working together with:
  - 6.1.1. Other mining companies
  - 6.1.2. Business
  - 6.1.3. Local municipality
  - 6.1.4. Civil society
- 6.2. How would you describe the relationship with Government, business, community and mines?
- 6.3. What are your challenges getting cooperation from Mines/ Council/ other?
- 6.4. Trust is an important element of collaboration – have you earned the trust of the community?
- 6.5. To what extent is there cooperation with the local universities?

#### **7. Implementation**

- 7.1. What are your main challenges working with the DMR / Municipality?
- 7.2. What are the challenges you face when dealing with other Mines?
- 7.3. Do you think the municipality has the capacity to effectively coordinate mines and mining projects
- 7.4. Is there enough funding to promote local initiatives?

#### **8. SLP Requirements (The 2014 SLP report should cover all these questions)**

### **8.1. Budget**

8.1.1. What financial provisions have been made for SLP projects (LED, SMME, Set asides for procurement?)

### **8.2. Scorecard**

8.2.1. What are your scores in terms of the Mining Charter Scorecard?

### **8.3. Projects: What are you doing in terms of (SLP Report 2014):**

8.3.1. LED

8.3.2. SMME

8.3.3. Procurement

## **9. General**

9.1. In your view are the mines doing enough and what in your view is enough?

9.2. Do we have the leadership in business, local government and civil society to implement a good LED Strategy

9.3. Apart from project delivery on an operational level, what should mining companies do to enhance Local Economic Development in the region?

9.4. To what extent are the following institutions play their part in LED:

9.4.1. Organised business

9.4.2. Civil Society

9.4.3. Labour

9.4.4. Local government

# Appendix B – Survey Questions and Results

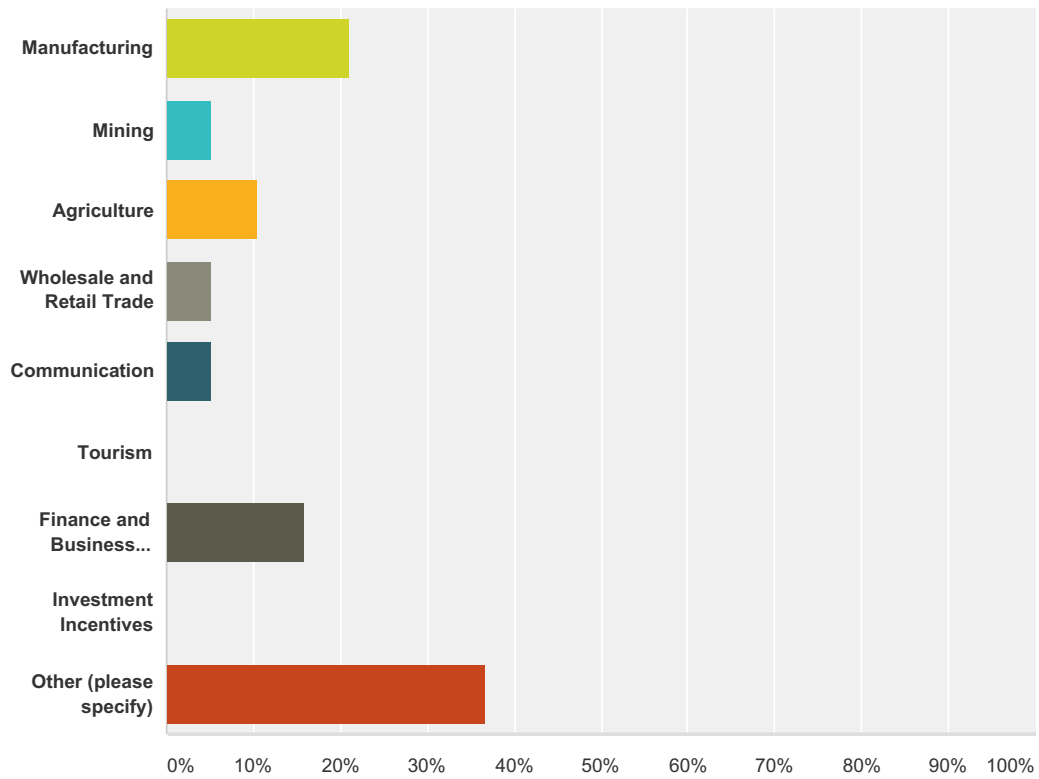
## Q1 How many employees work at your organization in Matlosana?

Answered: 19 Skipped: 0

#	Responses	Date
1	7	8/28/2015 3:50 PM
2	6	8/28/2015 12:28 PM
3	3	8/27/2015 9:16 PM
4	7	8/27/2015 7:05 PM
5	7	8/27/2015 7:01 PM
6	150	8/26/2015 11:13 AM
7	5	8/25/2015 12:12 PM
8	15	8/25/2015 9:39 AM
9	30	8/25/2015 8:10 AM
10	6	8/24/2015 10:54 PM
11	5	8/24/2015 10:50 PM
12	15000	8/24/2015 7:40 PM
13	42	8/24/2015 5:17 PM
14	2	8/24/2015 4:49 PM
15	30	8/24/2015 4:37 PM
16	800	8/24/2015 1:19 PM
17	200	8/24/2015 11:43 AM
18	20	8/24/2015 11:04 AM
19	59	8/24/2015 10:48 AM

## Q2 Under which economic sector do you resort?

Answered: 19 Skipped: 0



Answer Choices	Responses
Manufacturing	21.05% 4
Mining	5.26% 1
Agriculture	10.53% 2
Wholesale and Retail Trade	5.26% 1
Communication	5.26% 1
Tourism	0.00% 0
Finance and Business Services	15.79% 3
Investment Incentives	0.00% 0
Other (please specify)	36.84% 7
<b>Total</b>	<b>19</b>

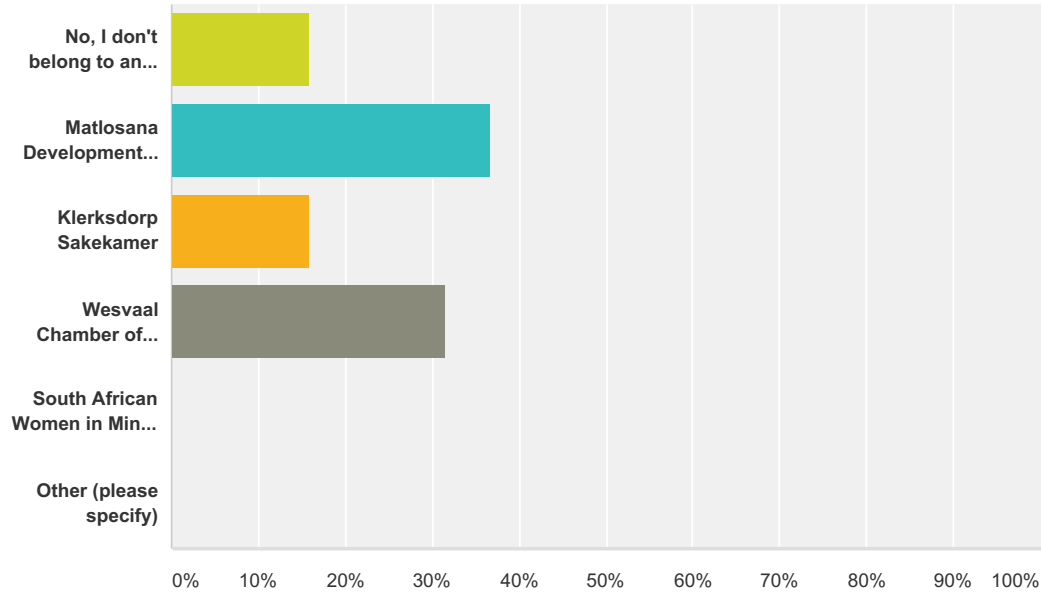
#	Other (please specify)	Date
1	Training	8/28/2015 3:50 PM
2	hospitality	8/28/2015 12:28 PM
3	health	8/27/2015 9:16 PM



4	Engineering	8/25/2015 12:12 PM
5	Restaurant	8/25/2015 9:39 AM
6	hospitality and catering	8/24/2015 4:49 PM
7	Mining; Transport; Agriculture;	8/24/2015 11:04 AM

### Q3 Are you a member of organised business? Please select your answer from the options below.

Answered: 19 Skipped: 0

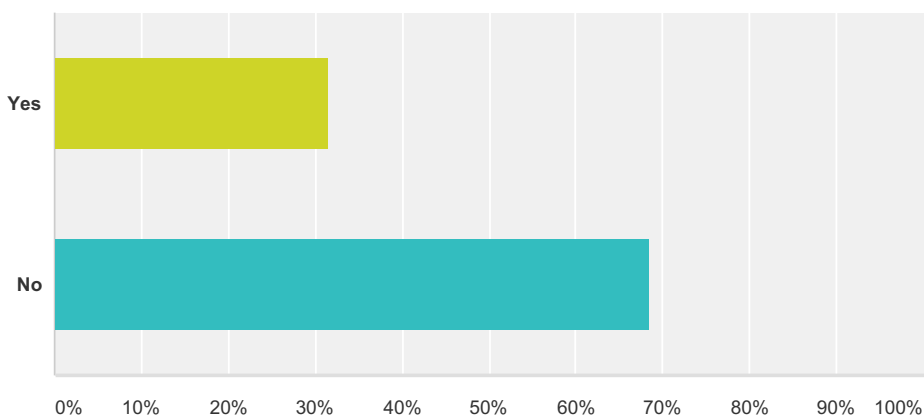


Answer Choices	Responses
No, I don't belong to any organisation	15.79% 3
Matlosana Development Forum (MDF)	36.84% 7
Klerksdorp Sakekamer	15.79% 3
Wesvaal Chamber of Business	31.58% 6
South African Women in Mining Association (SAWIMA)	0.00% 0
Other (please specify)	0.00% 0
<b>Total</b>	<b>19</b>

#	Other (please specify)	Date
	There are no responses.	

### Q4 Do you provide services / products to the mining industry?

Answered: 19 Skipped: 0



Answer Choices	Responses
Yes	31.58% 6
No	68.42% 13
<b>Total</b>	<b>19</b>

**Q5 What % of the total turnover of your business is from the Mining Industry (local & elsewhere)?**

Answered: 6 Skipped: 13

#	Responses	Date
1	11	8/26/2015 11:16 AM
2	5	8/24/2015 5:19 PM
3	0	8/24/2015 4:39 PM
4	40	8/24/2015 11:44 AM
5	60	8/24/2015 11:07 AM
6	10	8/24/2015 10:51 AM

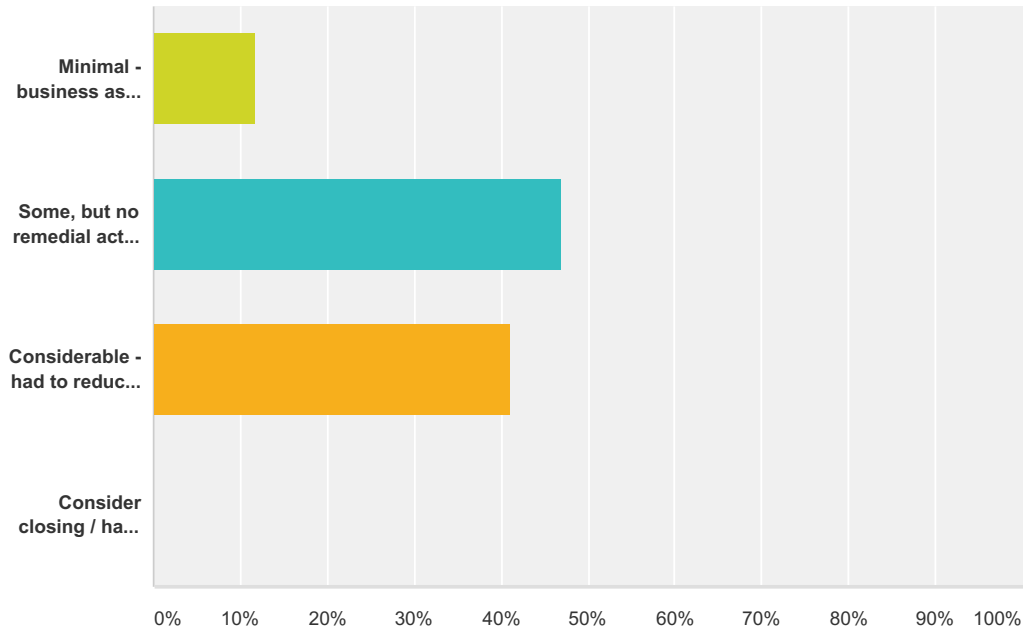
**Q6 What % of the total turnover of your business is from the mines situated in Matlosana?**

Answered: 6 Skipped: 13

#	Responses	Date
1	40	8/26/2015 11:16 AM
2	5	8/24/2015 5:19 PM
3	0	8/24/2015 4:39 PM
4	15	8/24/2015 11:44 AM
5	60	8/24/2015 11:07 AM
6	7	8/24/2015 10:51 AM

**Q7 To what extent have mine closures to date impacted your business? Please consider direct as well as indirect consequences and pick one of the buttons below.**

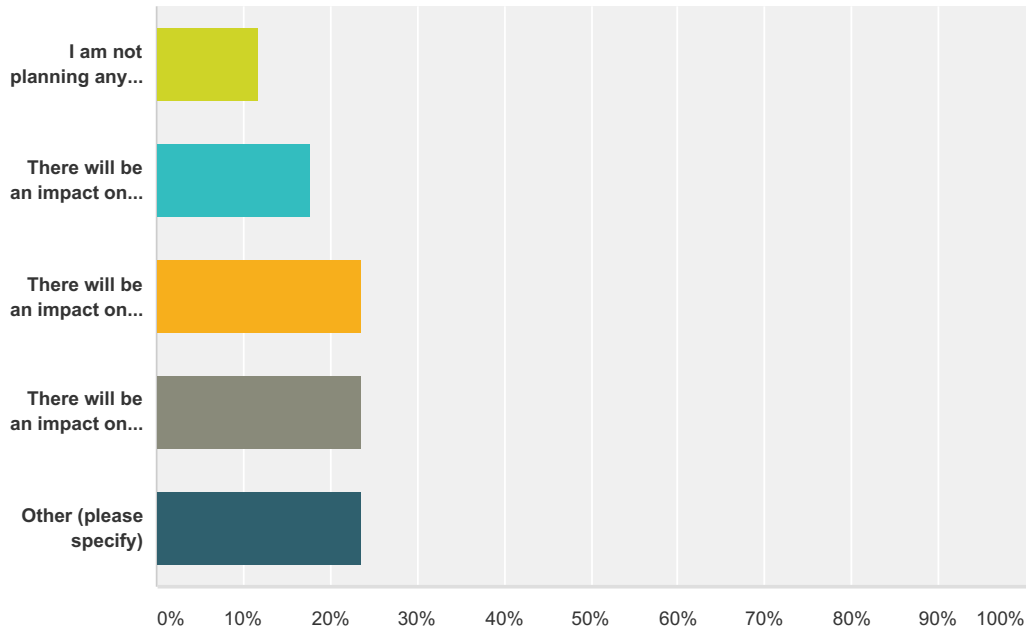
Answered: 17 Skipped: 2



Answer Choices	Responses
Minimal - business as usual	11.76% 2
Some, but no remedial action was required	47.06% 8
Considerable - had to reduce staff	41.18% 7
Consider closing / have closed my business	0.00% 0
<b>Total</b>	<b>17</b>

### Q8 The downscaling of mining operations are likely to continue in the next couple of years. To what extent have you or are you planning to amend your business model to accommodate the change in the economic environment?

Answered: 17 Skipped: 2

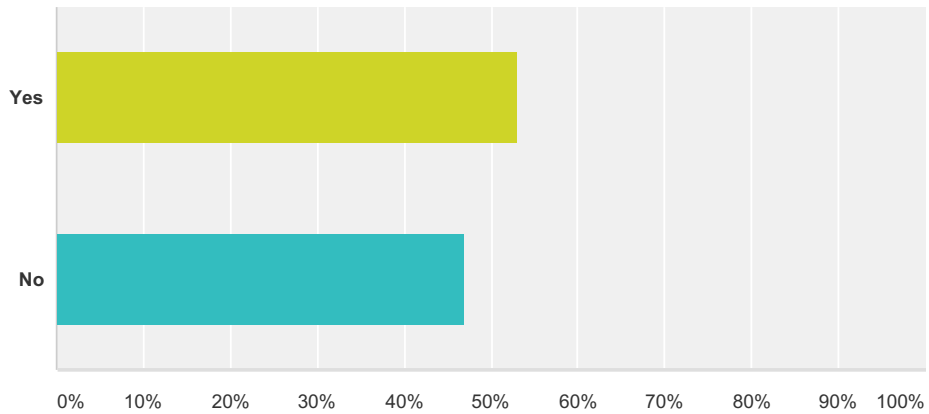


Answer Choices	Responses
I am not planning any changes as these events have little impact on my business	11.76% 2
There will be an impact on my business, but I have not given this much thought yet	17.65% 3
There will be an impact on my business and I am in the process of reviewing my options	23.53% 4
There will be an impact on my business and I have revised and implemented my business model accordingly	23.53% 4
Other (please specify)	23.53% 4
<b>Total</b>	<b>17</b>

#	Other (please specify)	Date
1	As a restauranteur I can only carry on doing what I have been doing and that is to remain the best in town for both Business lunches, which has petered away over the last 10/15 years due to the mining sector and to adapt to the working market by becoming more relevant to there, the employee, needs as well	8/25/2015 9:43 AM
2	I am working for a mining company question not applicable	8/24/2015 7:43 PM
3	Market of our business is being affected in the form of no advertismnt	8/24/2015 4:39 PM
4	Definite impact and we are constantly evaluating the situation	8/24/2015 10:51 AM

**Q9 The Mining Charter states that mining companies should give historically disadvantaged South Africans (HDSA) preferred supplier status. Would you describe yourself as a historically disadvantaged emerging business that qualifies for preferential procurement by mining houses?**

Answered: 17 Skipped: 2

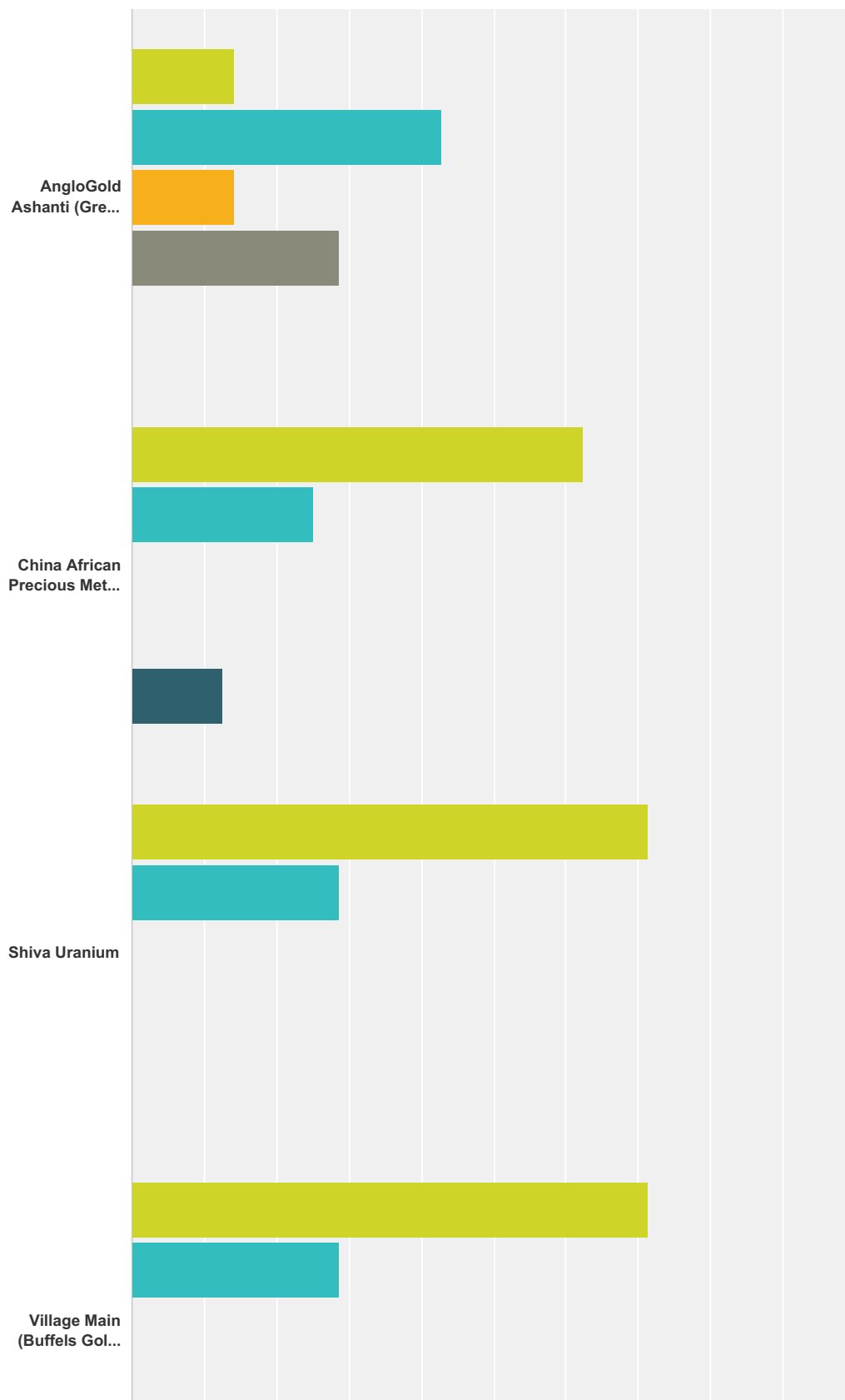


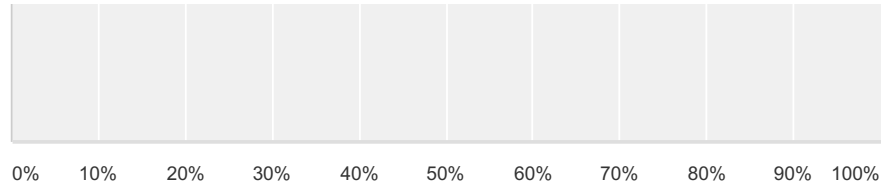
Answer Choices	Responses
Yes	52.94% 9
No	47.06% 8
<b>Total</b>	<b>17</b>



### Q10 How well do mines communicate new business opportunities at the mines?

Answered: 8 Skipped: 11





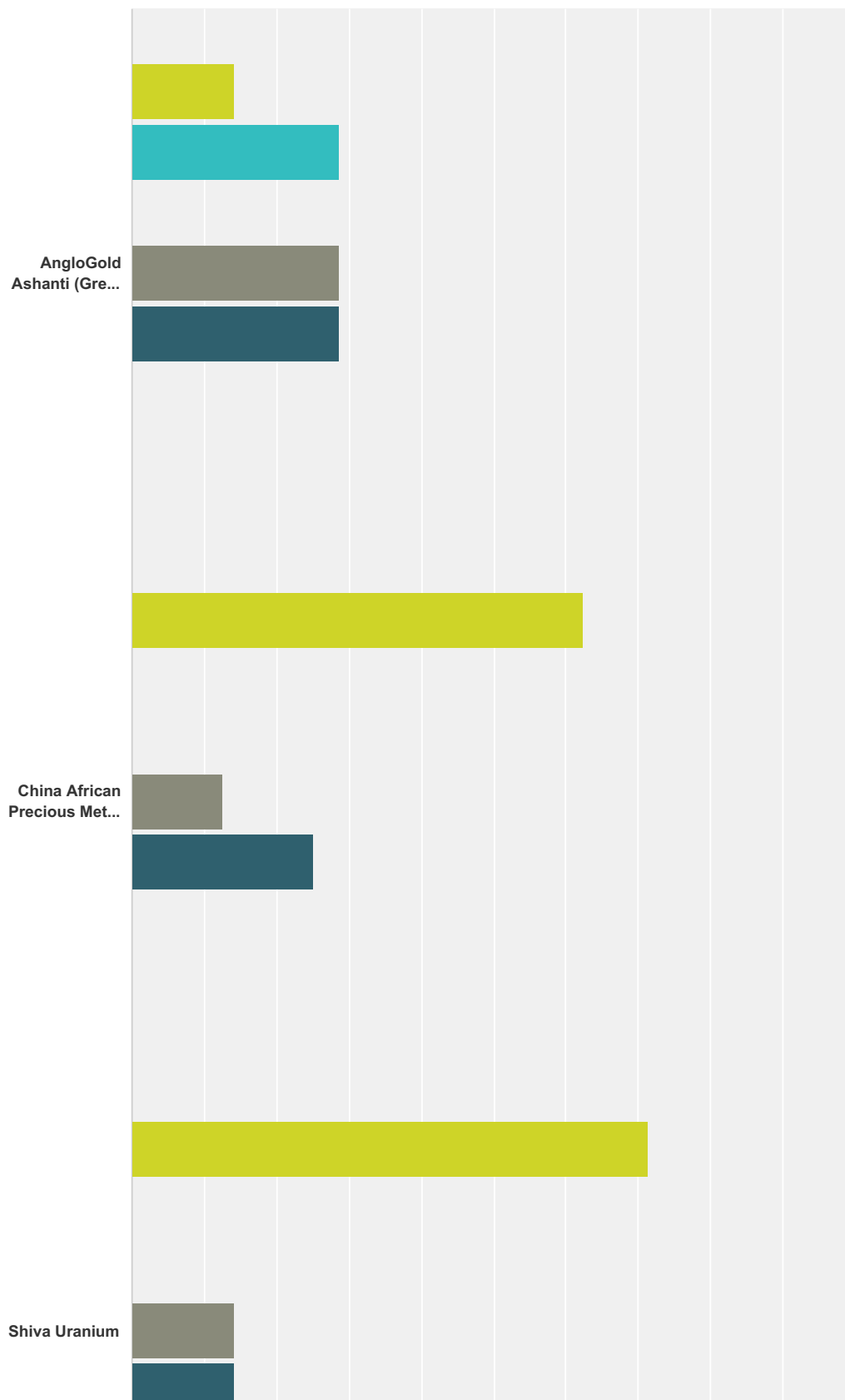
■ Don't know   
 ■ Poor   
 ■ Moderately   
 ■ Good   
 ■ Very Good

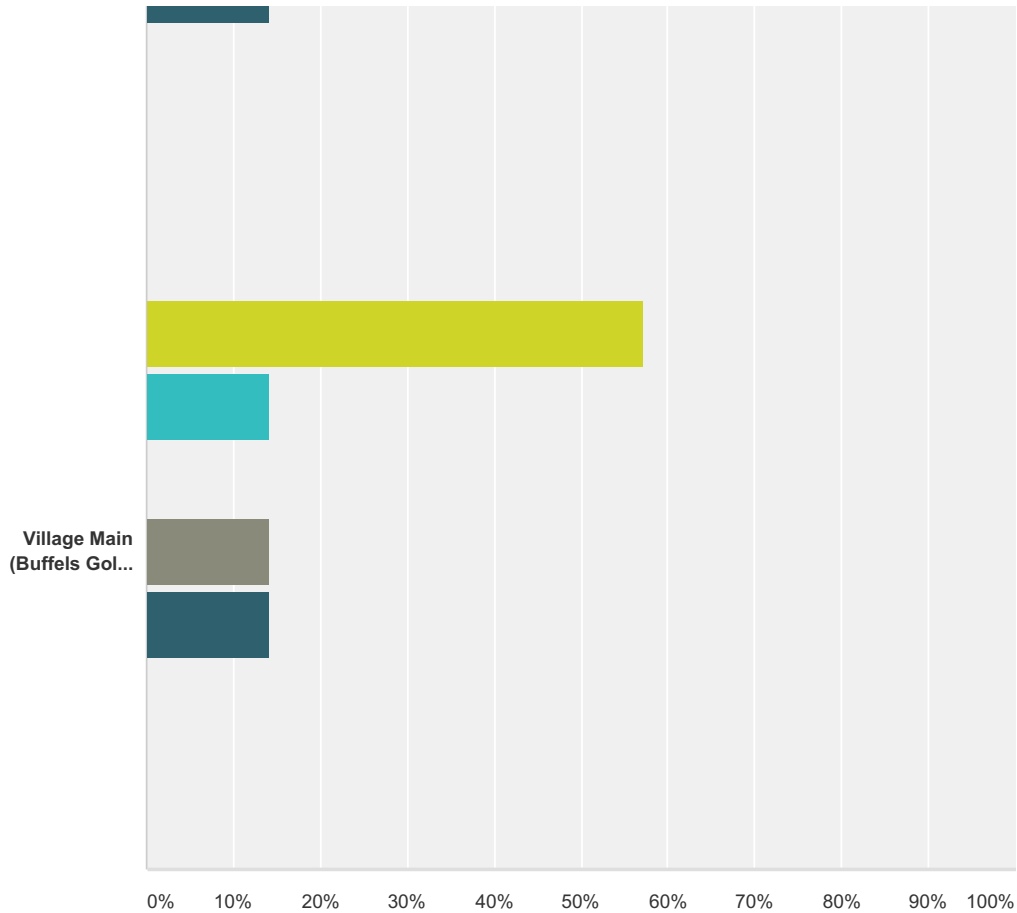
	Don't know	Poor	Moderately	Good	Very Good	Total
AngloGold Ashanti (Great Noligwa, Moab Khotsong, Kopanang, Mine Waste Solutions)	14.29% 1	42.86% 3	14.29% 1	28.57% 2	0.00% 0	7
China African Precious Metals (CAPM) (Orkney 6 & 7 Shaft)	62.50% 5	25.00% 2	0.00% 0	0.00% 0	12.50% 1	8
Shiva Uranium	71.43% 5	28.57% 2	0.00% 0	0.00% 0	0.00% 0	7
Village Main (Buffels Gold Mine & Tau Lekoa Mine)	71.43% 5	28.57% 2	0.00% 0	0.00% 0	0.00% 0	7

#	Any further comments on this matter.	Date
1	Opportunities limited to those known to people at the mine. It's not transparent and the mine is not making efforts	8/27/2015 9:23 PM
2	Mr. Kobus Van Heeden is always ready to listen, and give advice accordingly.	8/24/2015 5:00 PM
3	Mines do business with companies that have vendor numbers only.	8/24/2015 4:41 PM

### Q11 In terms of supplier development, what kind of support can you expect form mines?

Answered: 8 Skipped: 11





- I don't know of any support
- Information is available on the Mine's website
- Help desk for general queries
- Technical support (quality standards, etc.)
- SMME business development and planning services
- Financial support
- Early payment options

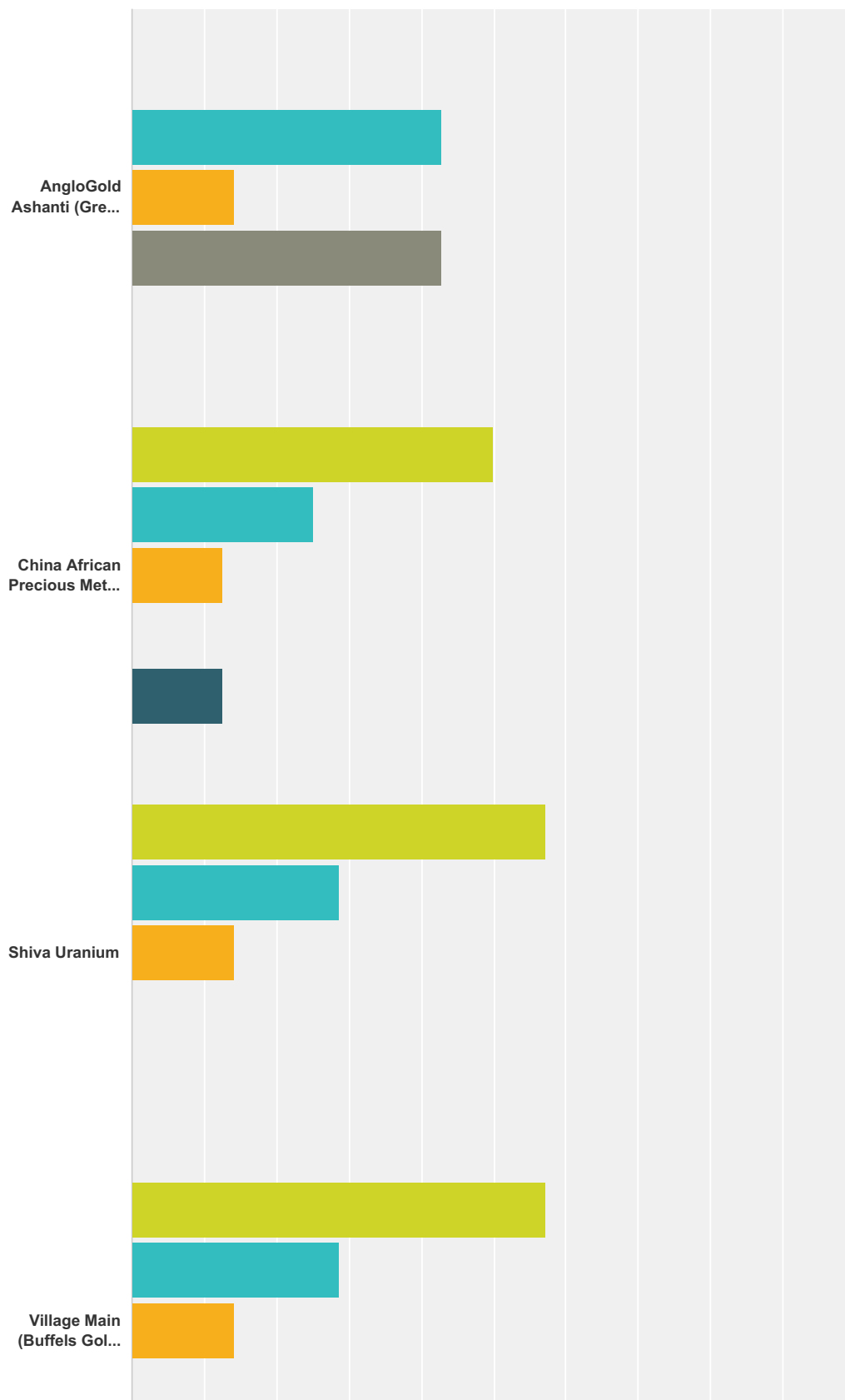
	I don't know of any support	Information is available on the Mine's website	Help desk for general queries	Technical support (quality standards, etc.)	SMME business development and planning services	Financial support	Early payment options	Total Respondents
AngloGold Ashanti (Great Norigwa, Moab Khotsong, Kopanang, Mine Waste Solutions)	14.29% 1	28.57% 2	0.00% 0	28.57% 2	28.57% 2	0.00% 0	0.00% 0	7
China African Precious Metals (CAPM) (Orkney 6 & 7 Shaft)	62.50% 5	0.00% 0	0.00% 0	12.50% 1	25.00% 2	0.00% 0	0.00% 0	8
Shiva Uranium	71.43% 5	0.00% 0	0.00% 0	14.29% 1	14.29% 1	0.00% 0	0.00% 0	7
Village Main (Buffels Gold Mine & Tau Lekoa Mine)	57.14% 4	14.29% 1	0.00% 0	14.29% 1	14.29% 1	0.00% 0	0.00% 0	7

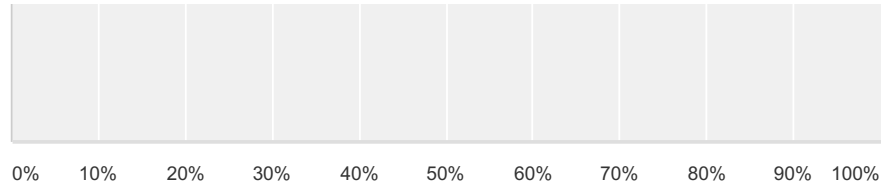
#	Any further comments on this matter.	Date
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1	As SMME'S often we need training and support around issues of compiling financial statements, even business plan draftings, so people end up asking commercial intitutions to draft business plans for them and they dont even take part in what is included in that Business Plan.	8/24/2015 5:00 PM
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### Q12 Overall how will you rate the above services the mine provides

Answered: 8 Skipped: 11





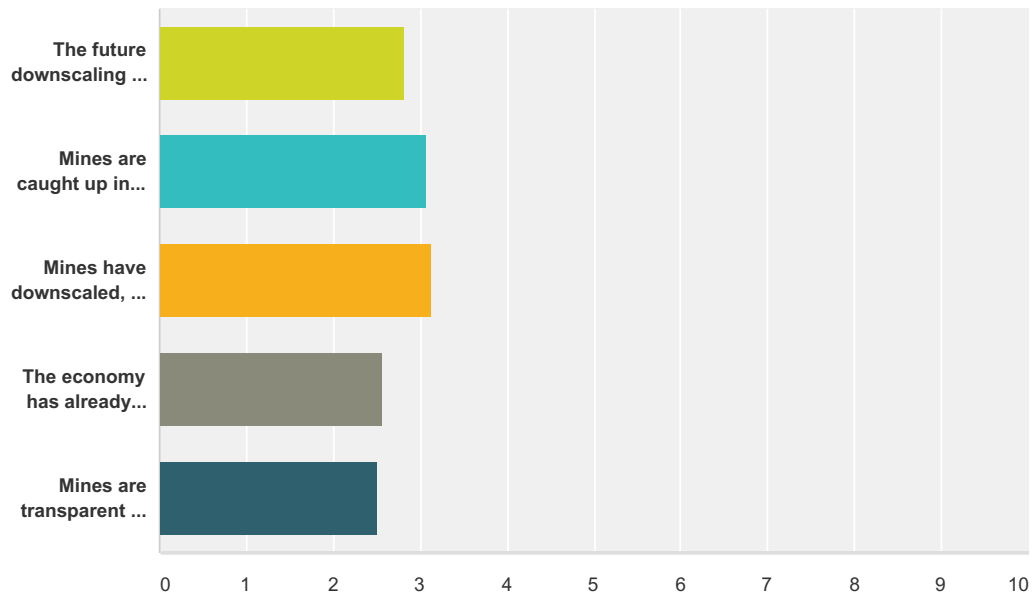
■ Don't know   
 ■ Poor   
 ■ Moderately   
 ■ Good   
 ■ Very Good

	Don't know	Poor	Moderately	Good	Very Good	Total
AngloGold Ashanti (Great Noligwa, Moab Khotsong, Kopanang, Mine Waste Solutions)	0.00% 0	42.86% 3	14.29% 1	42.86% 3	0.00% 0	7
China African Precious Metals (CAPM) (Orkney 6 & 7 Shaft)	50.00% 4	25.00% 2	12.50% 1	0.00% 0	12.50% 1	8
Shiva Uranium	57.14% 4	28.57% 2	14.29% 1	0.00% 0	0.00% 0	7
Village Main (Buffels Gold Mine & Tau Lekoa Mine)	57.14% 4	28.57% 2	14.29% 1	0.00% 0	0.00% 0	7

#	Any further comments on this matter.	Date
1	Give SMME's support and Funding. Mentor them, the drive is there but Financial and moral support is still needed.	8/24/2015 5:00 PM

### Q13 Please rate the following statements.

Answered: 16 Skipped: 3

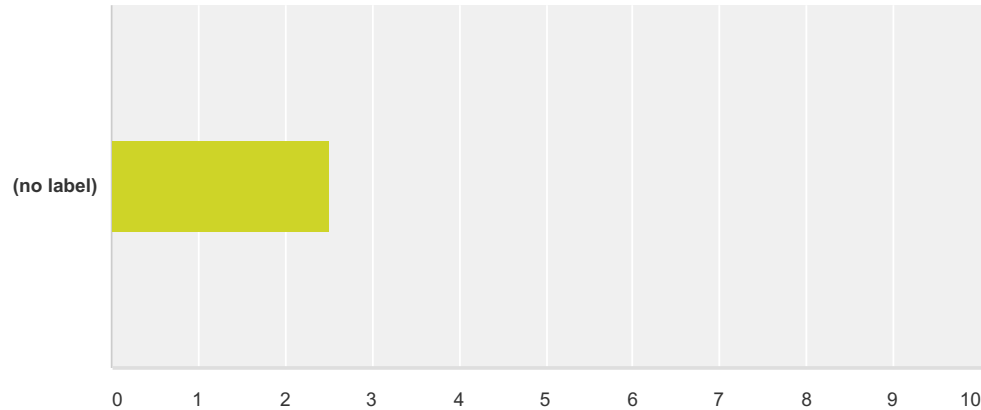


	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Total	Weighted Average
The future downscaling of mining operations will have little effect on my business	18.75% 3	31.25% 5	12.50% 2	25.00% 4	12.50% 2	16	2.81
Mines are caught up in a downward commodity cycle and it will pick up again in future.	6.25% 1	31.25% 5	12.50% 2	50.00% 8	0.00% 0	16	3.06
Mines have downscaled, but there is still sufficient economic activity for at least the next 10 to 15 years to support my business	0.00% 0	12.50% 2	62.50% 10	25.00% 4	0.00% 0	16	3.13
The economy has already adjusted and the vulnerability to further downscaling in mining has been negated.	0.00% 0	68.75% 11	6.25% 1	25.00% 4	0.00% 0	16	2.56
Mines are transparent and communicate often enough in order for me to plan my business accordingly	18.75% 3	43.75% 7	6.25% 1	31.25% 5	0.00% 0	16	2.50



**Q14 The downscaling of mining operations and mine closures had a severe impact on the economy of towns like Welkom and more recently Rustenburg. Do you think the economy of Matlosana is diversified and strong enough to sustain itself post mining?**

Answered: 16 Skipped: 3

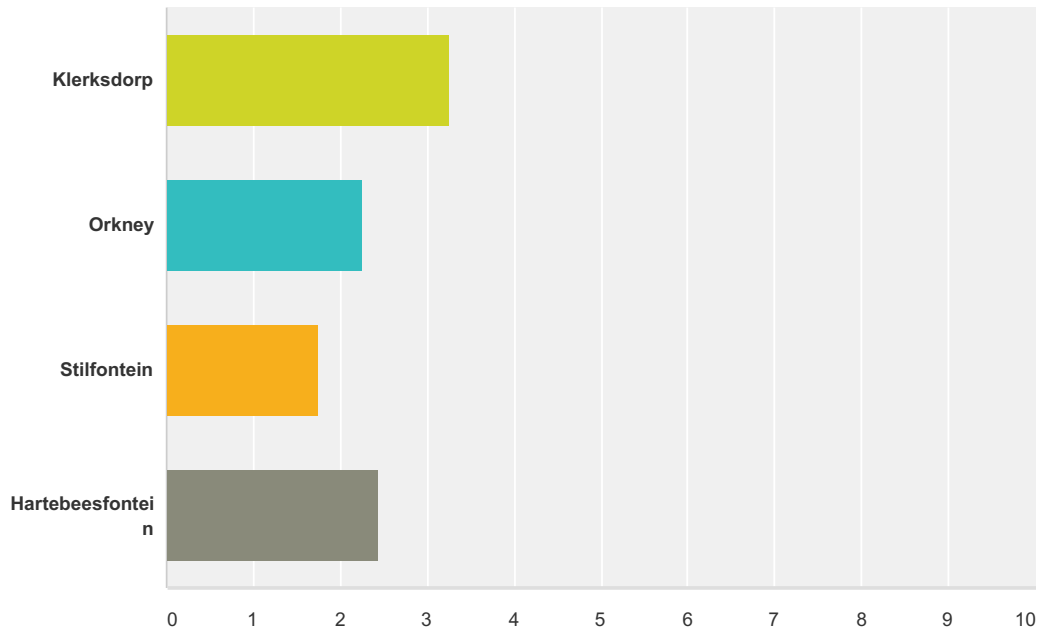


	Strongly disagree	disagree	Unsure	Agree	Strongly agree	Total	Weighted Average
(no label)	18.75%	37.50%	18.75%	25.00%	0.00%	16	2.50
	3	6	3	4	0		

#	Please explain your answer.	Date
1	I don't think Matlosana economy is diversified enough to sustain itself post mining. Most companies in our industrial site - do business with the mine; they are suppliers to the mining industry. Other than grain, other form of manufacturing would have to be explored to sustain Matlosana economy.	8/28/2015 4:11 PM
2	By and large Matlosana heavily depended on mining and surrounding township are suffering the same fate as Welkom.	8/27/2015 9:27 PM
3	The farming community alone cannot support all the businesses - we do not have institutions like NWU and Department of defence	8/26/2015 11:22 AM
4	Our industrial side is not strong at all, yet we seem to be growing on a continual basis.	8/25/2015 9:49 AM
5	daar is darm die n12 wat baie besighede blootstelling gee maar ek weet nie of dit genoeg sal wees nie	8/25/2015 8:47 AM
6	Most engineering supplies, manufacturing and industry are highly dependant on mining in the area. My view is that these bussiness are not diversified for silternative business at this stage	8/24/2015 7:48 PM
7	It will have a negative effect as unemployment is already high in Matlosana . downscaling will leave people jobless and more burden will increase on already limited resources.	8/24/2015 5:09 PM
8	Business have taken very little steps to diversify and fight amongst themselves for scraps.	8/24/2015 4:44 PM
9	Shifting focus to retail and agriculture but need goverment buy in and funding for start up's and sustainability	8/24/2015 1:23 PM
10	The amount of employees and their dependants that will be affected will cripple the economy. The mine might not be the big consumer, but their employees are.	8/24/2015 10:56 AM

### Q15 Following on from the previous question, what do you think the future holds for the following towns?

Answered: 16 Skipped: 3



	Ghost town status	Stagnant / low growth - likely to be a burden to Matlosana	Unsure	Area with moderate growth - can sustain itself	Vibrant town - import node in Matlosana	Total	Weighted Average
Klerksdorp	6.25% 1	25.00% 4	18.75% 3	37.50% 6	12.50% 2	16	3.25
Orkney	25.00% 4	43.75% 7	18.75% 3	6.25% 1	6.25% 1	16	2.25
Stilfontein	62.50% 10	18.75% 3	6.25% 1	6.25% 1	6.25% 1	16	1.75
Hartebeesfontein	18.75% 3	37.50% 6	25.00% 4	18.75% 3	0.00% 0	16	2.44

#	Comments for "Klerksdorp"	Date
1	Other than Rustenburg, Klerksdorp is the mecca of the North West Province. We are strategically positioned for greatness. The opportunity lies with us harnessing this potential.	8/28/2015 4:11 PM
2	I refer my previous answer, which refers to a growth tendency over the past years even with the mining industry shrinking over the period. Our biggest problem is and will remain the poor running and huge fraud of our municipalities	8/25/2015 9:49 AM
3	ons het n slaghuis in die dorp en as jy kom kyk hoe die kliente ons kom groet want hulle verhuis agter werk aan of na hulle kindres,dan'sien jy die ekonomie krimp	8/25/2015 8:47 AM
4	Due to maladministration no growth visible.	8/24/2015 7:48 PM

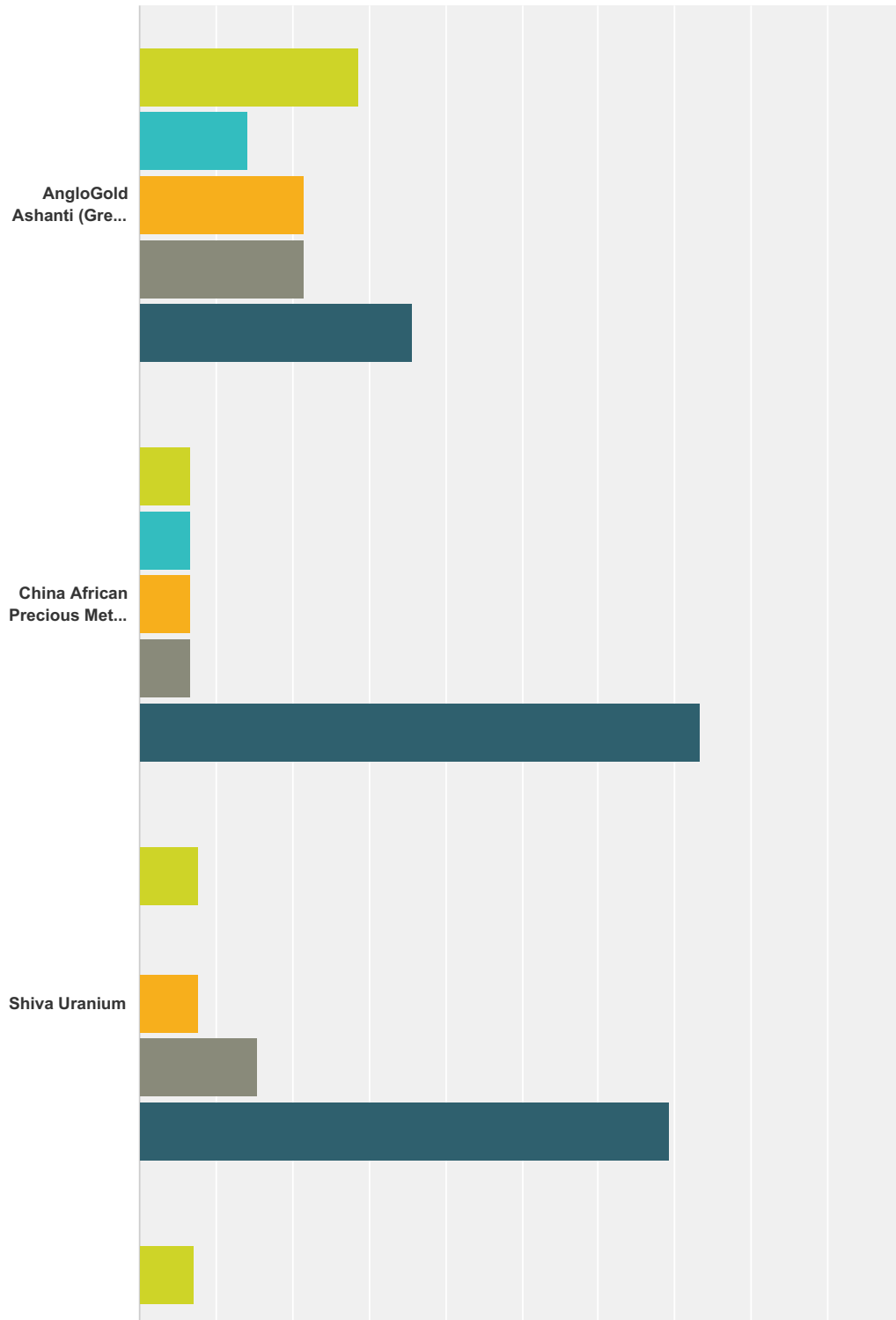
  

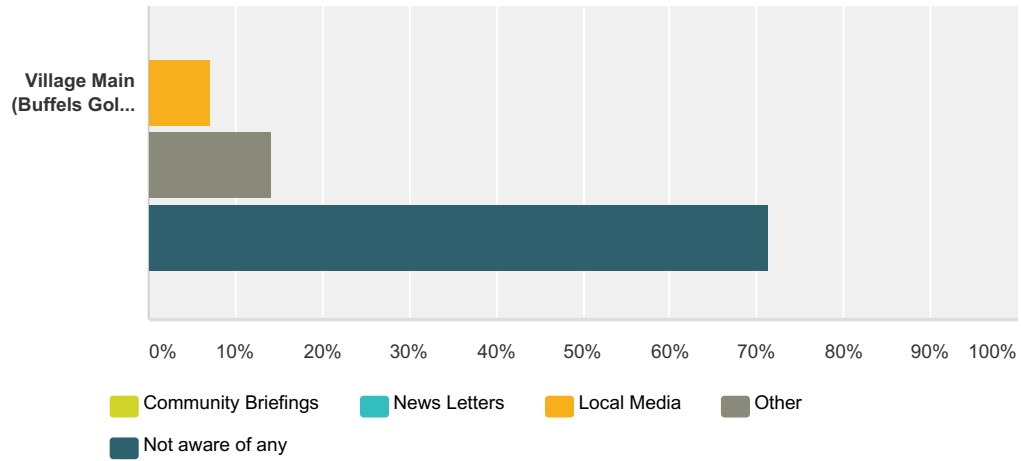
#	Comments for "Orkney"	Date
1	Orkney can serve Matlosana with a good hospital, education facilities especially post highschool training. This town has the potential to be an artisan development hub for SA and export qualified labour to the rest of Africa.	8/28/2015 4:11 PM
2	mense trek agter werk aan	8/25/2015 8:47 AM

3	Orkney hsve no other msjor business except mining	8/24/2015 7:48 PM
4	with the continued existence of mines yes the future looks bright, but without, No.	8/24/2015 5:09 PM
<b>#</b>	<b>Comments for "Stilfontein"</b>	<b>Date</b>
1	afree dorp,bejaarde mense wat se aftrede nie genoeg gaan wees nie	8/25/2015 8:47 AM
2	Same comments ad sbove	8/24/2015 7:48 PM
3	with new developments like Matlosana mall, the town has potential for growth. its my town, it has to have a bright future	8/24/2015 5:09 PM
<b>#</b>	<b>Comments for "Hartebeesfontein"</b>	<b>Date</b>
1	Agricultural development would be first point of contact for Hartebeesfontein.	8/28/2015 4:11 PM
2	The farming community will always keep the town going even if it is just to sustain the town.	8/25/2015 9:49 AM
3	klein boere gemeenskap kan hulle aan die gang hou	8/25/2015 8:47 AM
4	Farming opportunities in the town	8/24/2015 7:48 PM

**Q16 Do any of the following mining companies communicate their results and future expectations with the business community to allow you to plan your business accordingly? (Please indicate methods of communication if any)**

Answered: 15 Skipped: 4

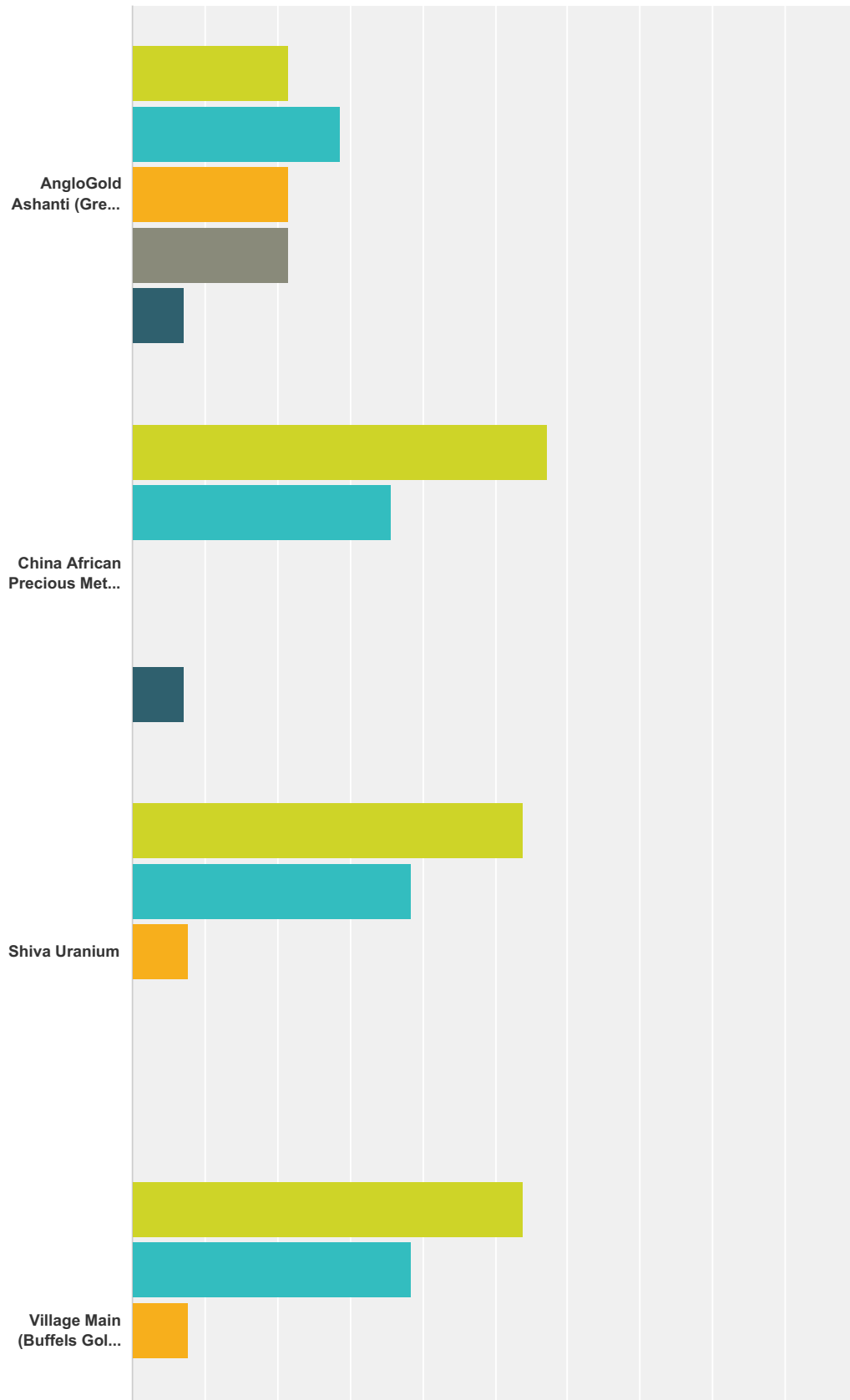


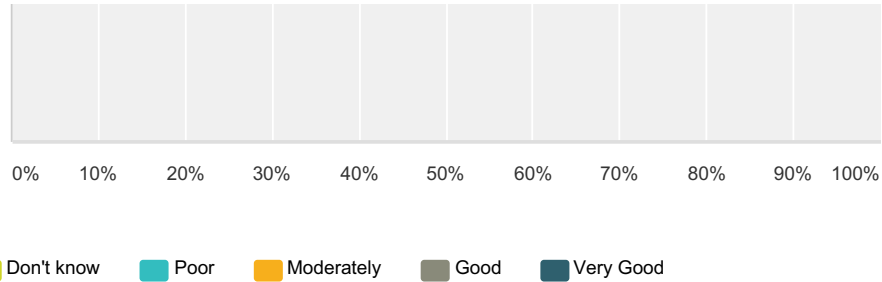


	Community Briefings	News Letters	Local Media	Other	Not aware of any	Total Respondents
AngloGold Ashanti (Great Noligwa, Moab Khotsong, Kopanang, Mine Waste Solutions)	28.57% 4	14.29% 2	21.43% 3	21.43% 3	35.71% 5	14
China African Precious Metals (CAPM) (Orkney 6 & 7 Shaft)	6.67% 1	6.67% 1	6.67% 1	6.67% 1	73.33% 11	15
Shiva Uranium	7.69% 1	0.00% 0	7.69% 1	15.38% 2	69.23% 9	13
Village Main (Buffels Gold Mine & Tau Lekoa Mine)	7.14% 1	0.00% 0	7.14% 1	14.29% 2	71.43% 10	14

### Q17 How approachable are mines if you wish to engage them?

Answered: 15 Skipped: 4



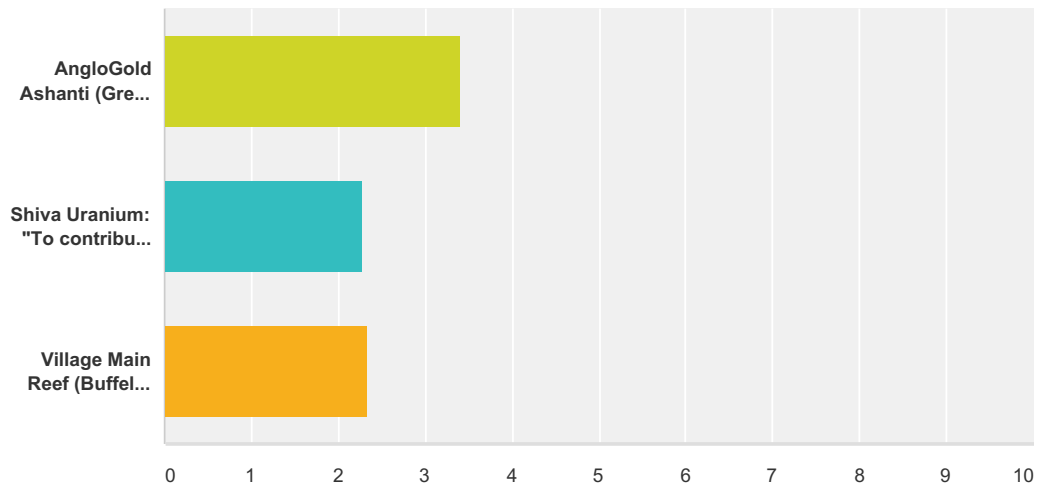


	Don't know	Poor	Moderately	Good	Very Good	Total
AngloGold Ashanti (Great Noligwa, Moab Khotsong, Kopanang, Mine Waste Solutions)	21.43% 3	28.57% 4	21.43% 3	21.43% 3	7.14% 1	14
China African Precious Metals (CAPM) (Orkney 6 & 7 Shaft)	57.14% 8	35.71% 5	0.00% 0	0.00% 0	7.14% 1	14
Shiva Uranium	53.85% 7	38.46% 5	7.69% 1	0.00% 0	0.00% 0	13
Village Main (Buffels Gold Mine & Tau Lekoa Mine)	53.85% 7	38.46% 5	7.69% 1	0.00% 0	0.00% 0	13

#	Any further comments on this matter.	Date
1	There are too many gate-keepers at the mine.	8/28/2015 4:13 PM
2	I am just too small to be part of this	8/25/2015 9:51 AM
3	We usually hear everything "through the grapevine", for everybody knows somebody on the mine - close knit communities . . .	8/24/2015 11:03 AM

### Q18 How well do mines live up to their value statements?

Answered: 15 Skipped: 4

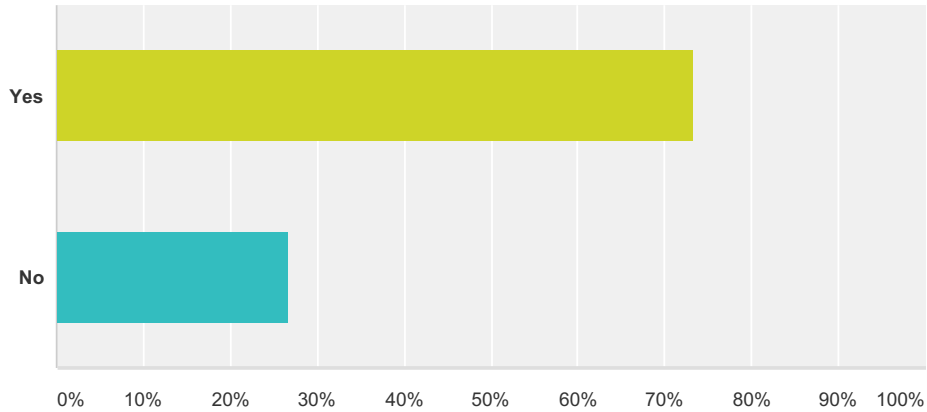


	I don't know	Very Poor	Poor	Good	Very Good	Total	Weighted Average
AngloGold Ashanti (Great Noligwa, Moab Khotsong, Kopanang, Mine Waste Solutions) : "We strive to add value to the communities and societies in which we operate"(http://www.anglogoldashanti.com/en/About-Us/PublishingImages/Community.jpg)	13.33% 2	6.67% 1	20.00% 3	46.67% 7	13.33% 2	15	3.40
Shiva Uranium: "To contribute to the development of our communities to make a significant change in society" (http://www.shiva-u.com/Our_company.html)	33.33% 5	26.67% 4	20.00% 3	20.00% 3	0.00% 0	15	2.27
Village Main Reef (Buffels Gold Mine, Tau Lekoa Mine): "We work towards a sustainable future for our shareholders, employees and communities" (Village Main Reef Integrated Annual Report 2014)	33.33% 5	20.00% 3	26.67% 4	20.00% 3	0.00% 0	15	2.33



**Q19 A recent survey showed that nationally only 36% of mining companies comply with the standard set by the Mining Charter for community development. Are you aware of any community development projects in the City of Matlosana that was sponsored by the mines?**

Answered: 15 Skipped: 4



Answer Choices	Responses	
Yes	73.33%	11
No	26.67%	4
<b>Total</b>		<b>15</b>

## Q20 Can you name a project and who the sponsor is?

Answered: 8 Skipped: 11

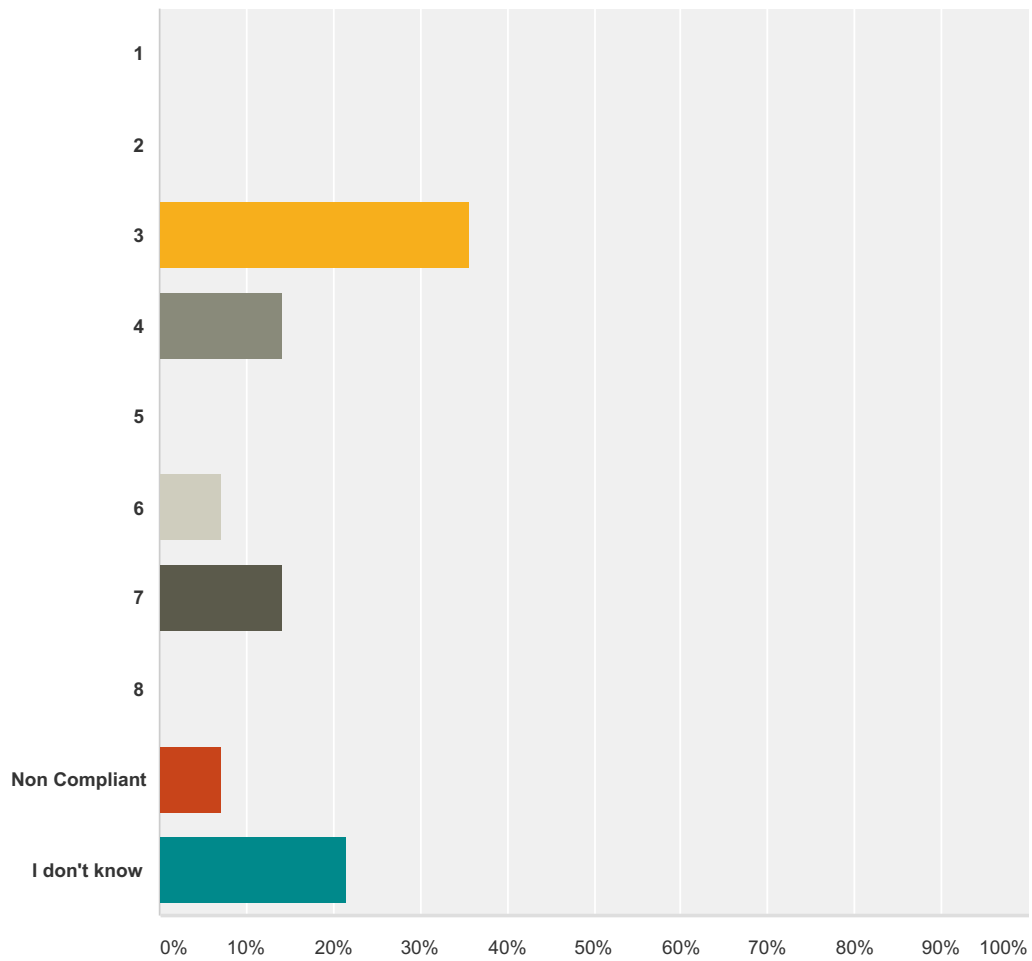
Answer Choices	Responses
AngloGold Ashanti	100.00% 8
China African Precious Metals	62.50% 5
Shiva Uranium	62.50% 5
Village Main	75.00% 6
Unknown	25.00% 2

#	AngloGold Ashanti	Date
1	Basic plumbing training for community youth. Enterprise development training by Kobus and then Mr Ntsizi.	8/28/2015 4:15 PM
2	schools;old age homes	8/28/2015 12:38 PM
3	Good	8/25/2015 12:20 PM
4	Several projects within community to date	8/24/2015 7:50 PM
5	Career Expo	8/24/2015 5:25 PM
6	Schools classrooms building	8/24/2015 4:47 PM
7	Career days and supporting local charity	8/24/2015 1:26 PM
8	Feeding Scheme in Kanana, Personal involvement in Rethabile Childrens Home	8/24/2015 11:05 AM
#	China African Precious Metals	Date
1	none	8/28/2015 4:15 PM
2	not sure	8/28/2015 12:38 PM
3	Dont know	8/25/2015 12:20 PM
4	None	8/24/2015 4:47 PM
5	nothing	8/24/2015 1:26 PM
#	Shiva Uranium	Date
1	None	8/28/2015 4:15 PM
2	not sure	8/28/2015 12:38 PM
3	Dont know	8/25/2015 12:20 PM
4	None	8/24/2015 4:47 PM
5	nothing	8/24/2015 1:26 PM
#	Village Main	Date
1	None	8/28/2015 4:15 PM
2	not sure	8/28/2015 12:38 PM
3	Dont know	8/25/2015 12:20 PM
4	None	8/24/2015 4:47 PM
5	nothing	8/24/2015 1:26 PM
6	I only see what they contribute towards their employees well being and the schools in the area	8/24/2015 11:05 AM
#	Unknown	Date

1	None	8/28/2015 4:15 PM
2	Dont know	8/25/2015 12:20 PM

### Q21 What is your BEE scorecard contribution level?

Answered: 14 Skipped: 5

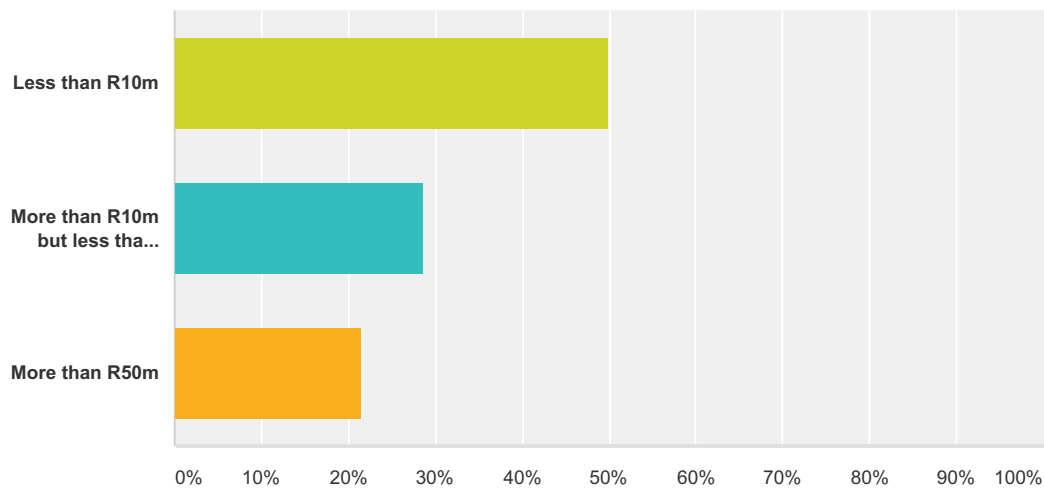


Answer Choices	Responses	Count
1	0.00%	0
2	0.00%	0
3	35.71%	5
4	14.29%	2
5	0.00%	0
6	7.14%	1
7	14.29%	2
8	0.00%	0
Non Compliant	7.14%	1
I don't know	21.43%	3

Total	14
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### Q22 What is your annual turnover?

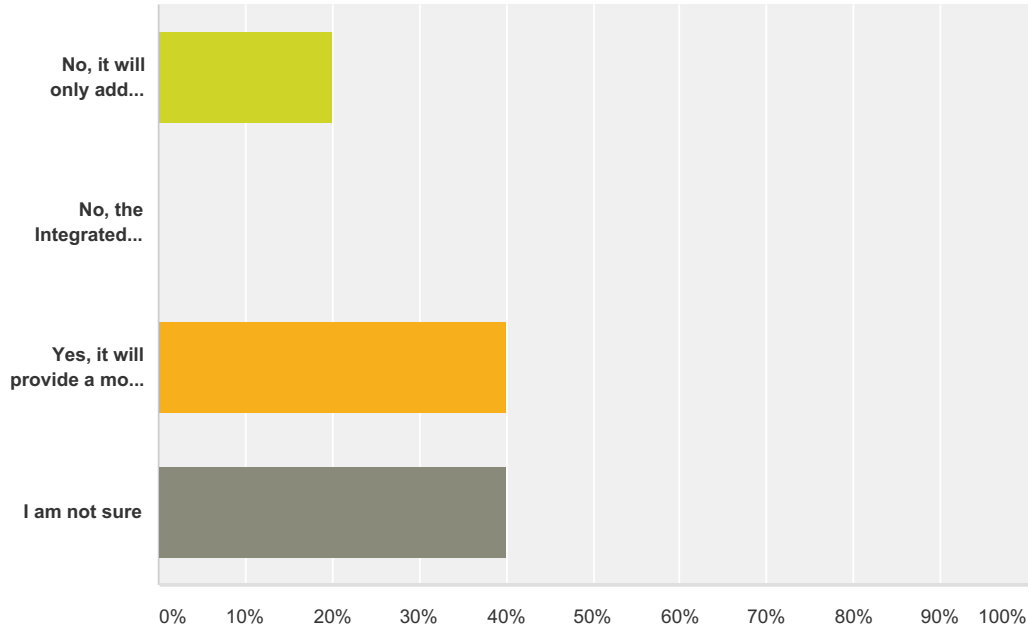
Answered: 14 Skipped: 5



Answer Choices	Responses
Less than R10m	50.00% 7
More than R10m but less than R50m	28.57% 4
More than R50m	21.43% 3
<b>Total</b>	<b>14</b>

### Q23 Is there a need for an overarching strategy for the City of Matlosana to give more guidance on project selection and community development initiatives?

Answered: 5 Skipped: 14

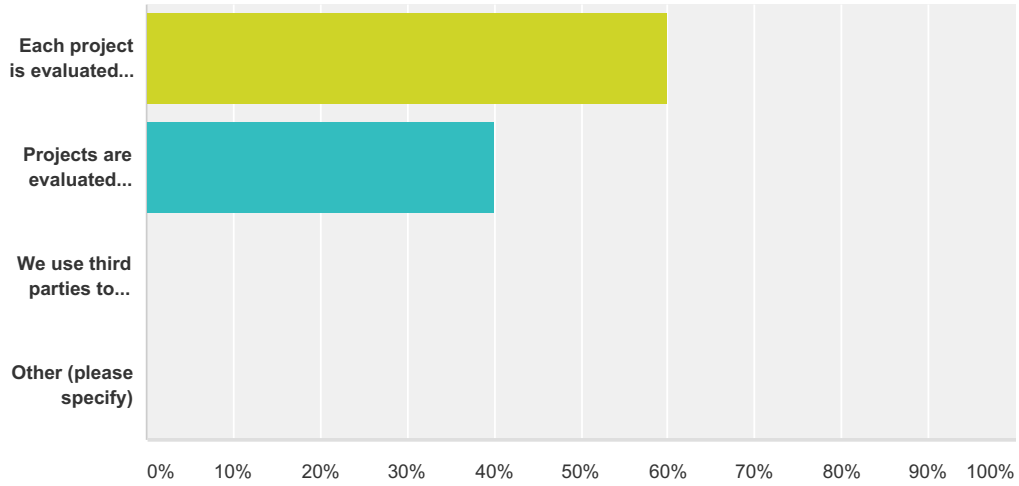


Answer Choices	Responses
No, it will only add another layer of bureaucracy	20.00% 1
No, the Integrated Development Plan (IDP) of the City of Matlosana provides sufficient guidance	0.00% 0
Yes, it will provide a more focused approach in applying scarce resources	40.00% 2
I am not sure	40.00% 2
<b>Total Respondents: 5</b>	

#	Other (please specify)	Date
	There are no responses.	

### Q24 What guides your decision to fund a particular project or support a particular organisation (NGO)?

Answered: 5 Skipped: 14



Answer Choices	Responses
Each project is evaluated on its own merit	60.00% 3
Projects are evaluated against a predefined set of criteria that is aligned with community priorities and company values	40.00% 2
We use third parties to invest on our behalf	0.00% 0
Other (please specify)	0.00% 0
<b>Total</b>	<b>5</b>

#	Other (please specify)	Date
	There are no responses.	



## Q25 What are your main challenges in meeting your Supplier Development targets?

Answered: 5 Skipped: 14

#	Responses	Date
1	Department in place to drive and monitor compliance	8/24/2015 7:56 PM
2	Costing of products much higher than in Jhb and Dbn, cost driven	8/24/2015 1:29 PM
3	.	8/24/2015 11:59 AM
4	No feed back	8/24/2015 11:14 AM
5	I will not renew my certificate, and therefore N/A	8/24/2015 11:09 AM

## Q26 What are your main challenges in meeting your Enterprise Development targets?

Answered: 5 Skipped: 14

#	Responses	Date
1	develop small enterprise bussineses int he area provided skills available	8/24/2015 7:56 PM
2	Collaboration with SEDA ect - need more activity	8/24/2015 1:29 PM
3	.	8/24/2015 11:59 AM
4	no feed back	8/24/2015 11:14 AM
5	I will not renew my certificate, and therefore N/A	8/24/2015 11:09 AM

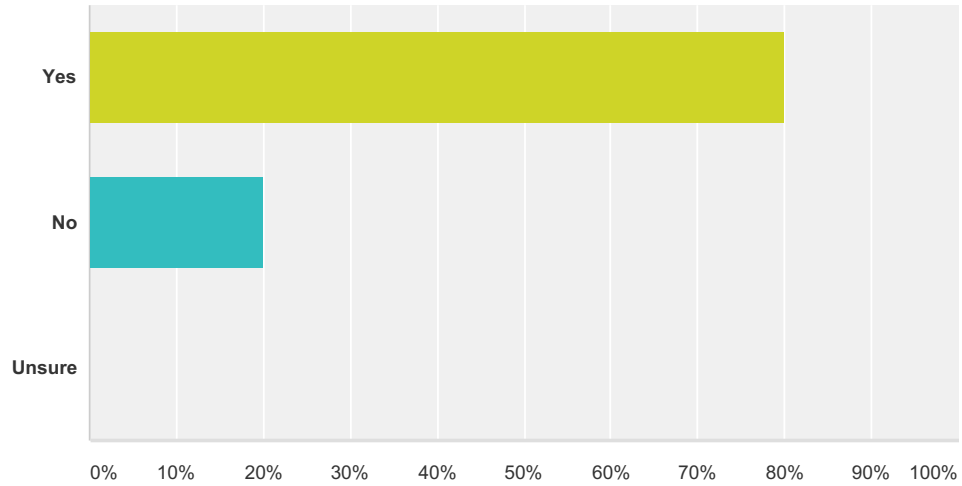
## Q27 What are your main challenges in meeting your Socio-Economic Development targets?

Answered: 5 Skipped: 14

#	Responses	Date
1	Poor infrastructure and funds	8/24/2015 7:56 PM
2	Identifying projects	8/24/2015 1:29 PM
3	.	8/24/2015 11:59 AM
4	We support but get no feedback	8/24/2015 11:14 AM
5	I will not renew my certificate, and therefore N/A	8/24/2015 11:09 AM

**Q28 With regards to supplier development it is often argued that SMMEs lack capacity and cannot comply with product volumes and quality required by buyers. Will you support a centre that will provide training and mentoring to SMMEs as part of your supplier development program?**

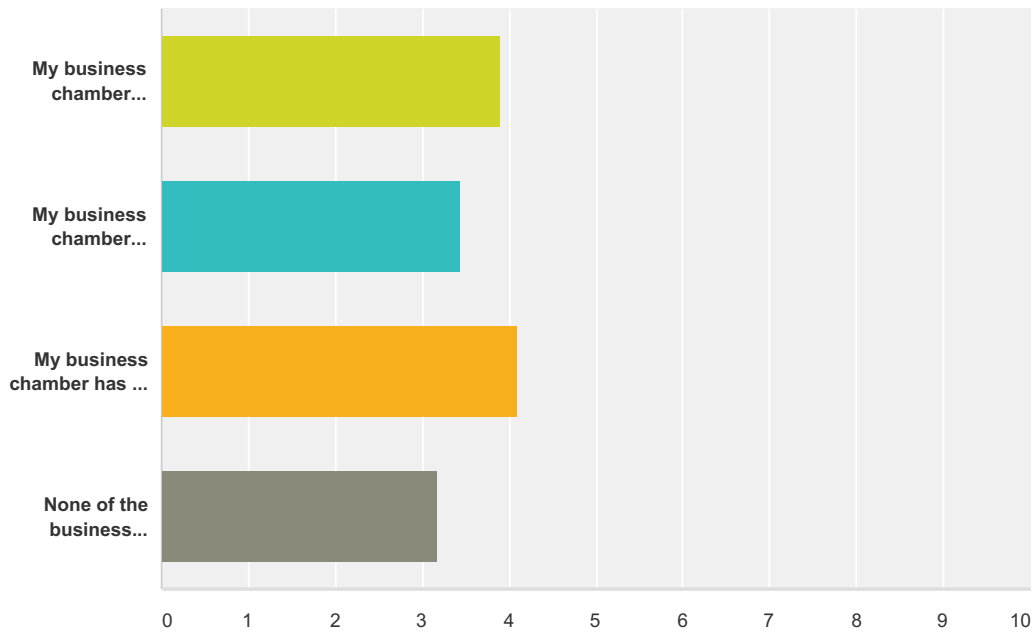
Answered: 5 Skipped: 14



Answer Choices	Responses
Yes	80.00% 4
No	20.00% 1
Unsure	0.00% 0
<b>Total</b>	<b>5</b>

### Q29 Please rate your business chamber by evaluating the following statements .

Answered: 11 Skipped: 8

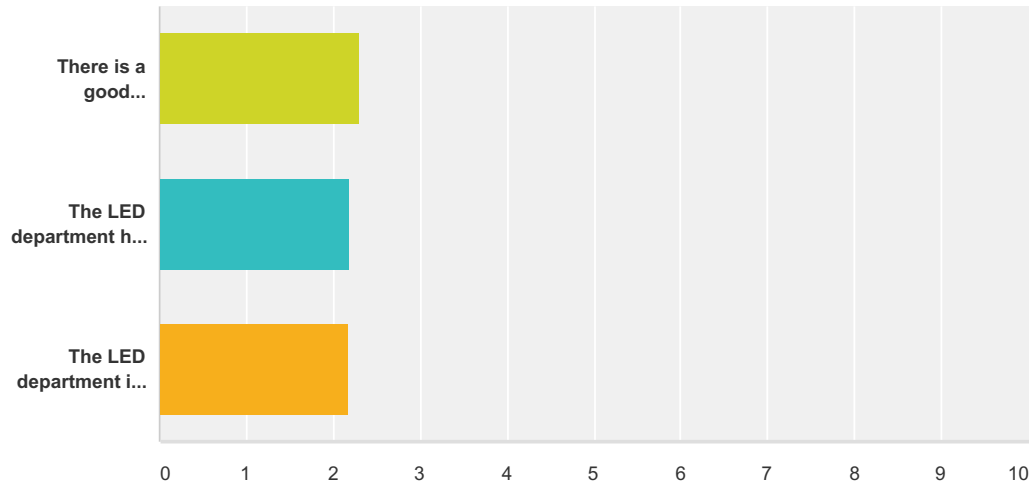


	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	N/A	Total	Weighted Average
My business chamber understands the local economy and keep me informed of any new developments that may impact my business.	0.00% 0	0.00% 0	30.00% 3	50.00% 5	20.00% 2	0.00% 0	10	3.90
My business chamber understands the local economy and strategically influence the economic development strategy for Matlosana	0.00% 0	9.09% 1	54.55% 6	18.18% 2	18.18% 2	0.00% 0	11	3.45
My business chamber has the capacity and credibility to facilitate strategic discussions on the future of Matlosana	0.00% 0	0.00% 0	10.00% 1	70.00% 7	20.00% 2	0.00% 0	10	4.10
None of the business chambers can say they are truly representative of the business community of Matlosana.	0.00% 0	27.27% 3	27.27% 3	45.45% 5	0.00% 0	0.00% 0	11	3.18

#	Other (please specify)	Date
1	participation by business across the board are as usual (poor riding on the donkey back of the few that are a part of it. It has always been a perception that it only for the big boys and not the smaller businesses and fees and available time as one man smaller operations is lacking	8/25/2015 10:00 AM
2	Business Chamber can help Matlosana - IF they want to be helped . . .	8/24/2015 11:11 AM

**Q30 The Local Economic Development Department (LED) of the City of Matlosana Local Municipality (CMLM) is the custodian of the IDP and economic development. Please rate the following statements**

Answered: 11 Skipped: 8

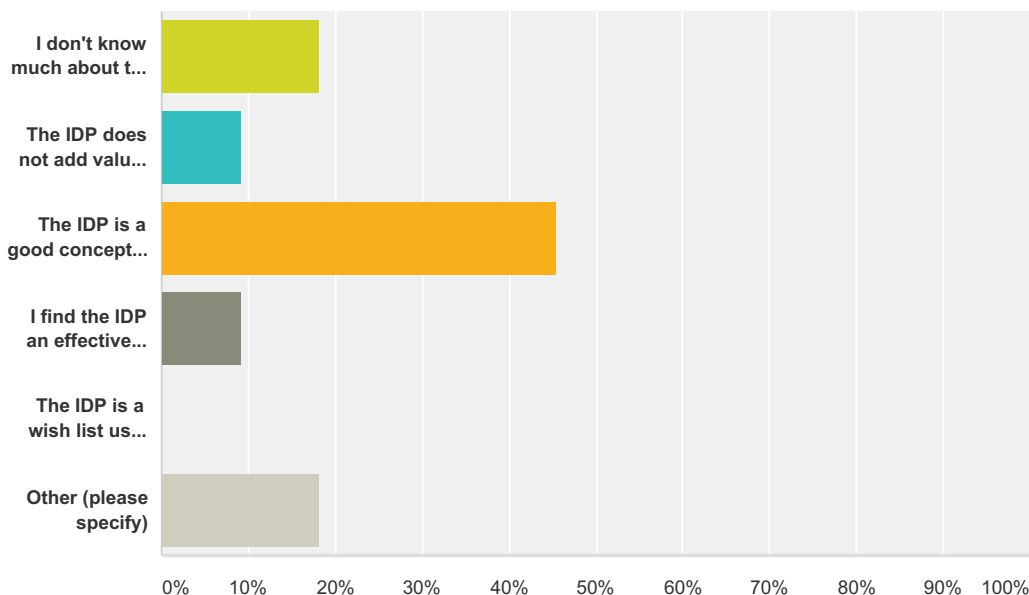


	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Total	Weighted Average
There is a good relationship between the business community and CMLM	30.00% 3	20.00% 2	40.00% 4	10.00% 1	0.00% 0	10	2.30
The LED department has the institutional capacity and credibility to facilitate and implement economic development in Matlosana	40.00% 4	20.00% 2	20.00% 2	20.00% 2	0.00% 0	10	2.20
The LED department is accessible	27.27% 3	36.36% 4	27.27% 3	9.09% 1	0.00% 0	11	2.18

#	Other (please specify)	Date
1	This department actually KILLS development in Matlosana. For as long as I've known the leadership of this department is failing Matlosana. The economy of this town is sold to the highest bidder outside the town and province. Local businesses, particularly SMME's do not stand a chance once projects are administered in the town. They are not fighting for the rights of local business owners.	8/28/2015 4:20 PM
2	we are bankrupt as the rest of the NW due to fraud and the fact that the entire ANC is above the law. The country as a whole and not just the NW is being consumed by fraud and an inability to lead. That is our REAL threat	8/25/2015 10:00 AM
3	Do nit know them	8/24/2015 7:58 PM

### Q31 Integrated Development Planning (IDP) is a strategic planning approach to development planning. Which of the following statements describes your view of the IDP best?

Answered: 11 Skipped: 8

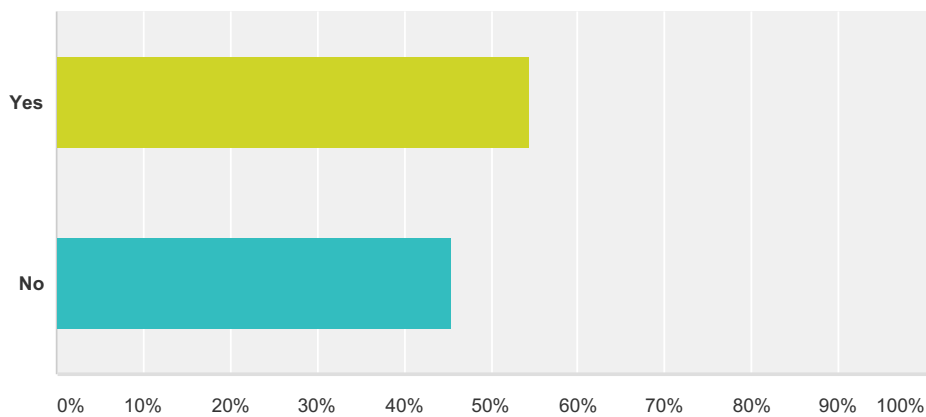


Answer Choices	Responses
I don't know much about the IDP	18.18% 2
The IDP does not add value to local economic development	9.09% 1
The IDP is a good concept, but not well implemented	45.45% 5
I find the IDP an effective document to work from	9.09% 1
The IDP is a wish list used by politicians to score points in their constituencies	0.00% 0
Other (please specify)	18.18% 2
<b>Total</b>	<b>11</b>

#	Other (please specify)	Date
1	as per usual just about everything wallows in meeting upon meeting with huge spending being raide and very little ability to actually re-act on the decitions taken.	8/25/2015 10:00 AM
2	This is just a cutr and paste document, lot of thumbsucking and no proper research, no milestones as well as Monitoring & Evaluation in place	8/24/2015 4:50 PM

### Q32 Have you ever participated in the Integrated Development Planning (IDP) process in the City of Matlosana Local Municipality?

Answered: 11 Skipped: 8

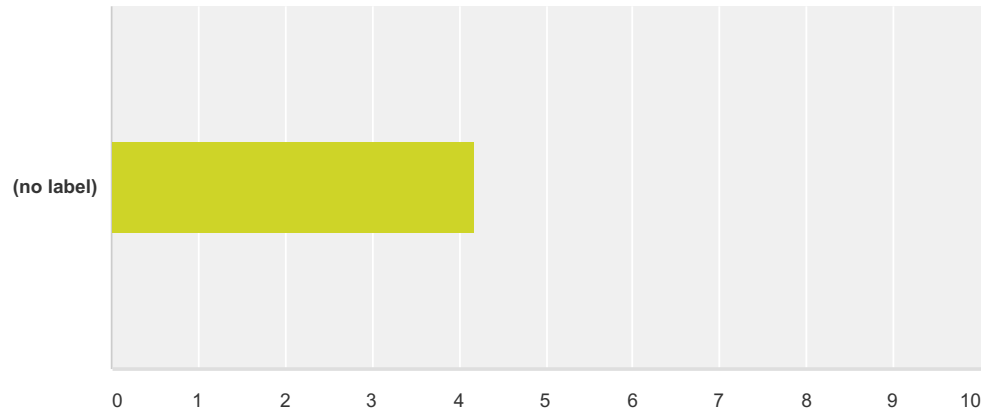


Answer Choices	Responses	
Yes	54.55%	6
No	45.45%	5
<b>Total</b>		<b>11</b>



**Q33 Do you think there is a need for business, the community and local government to collaborate more on matters that can be mutually beneficial to your business and economic development in general? (Please rate your answer)**

Answered: 11 Skipped: 8

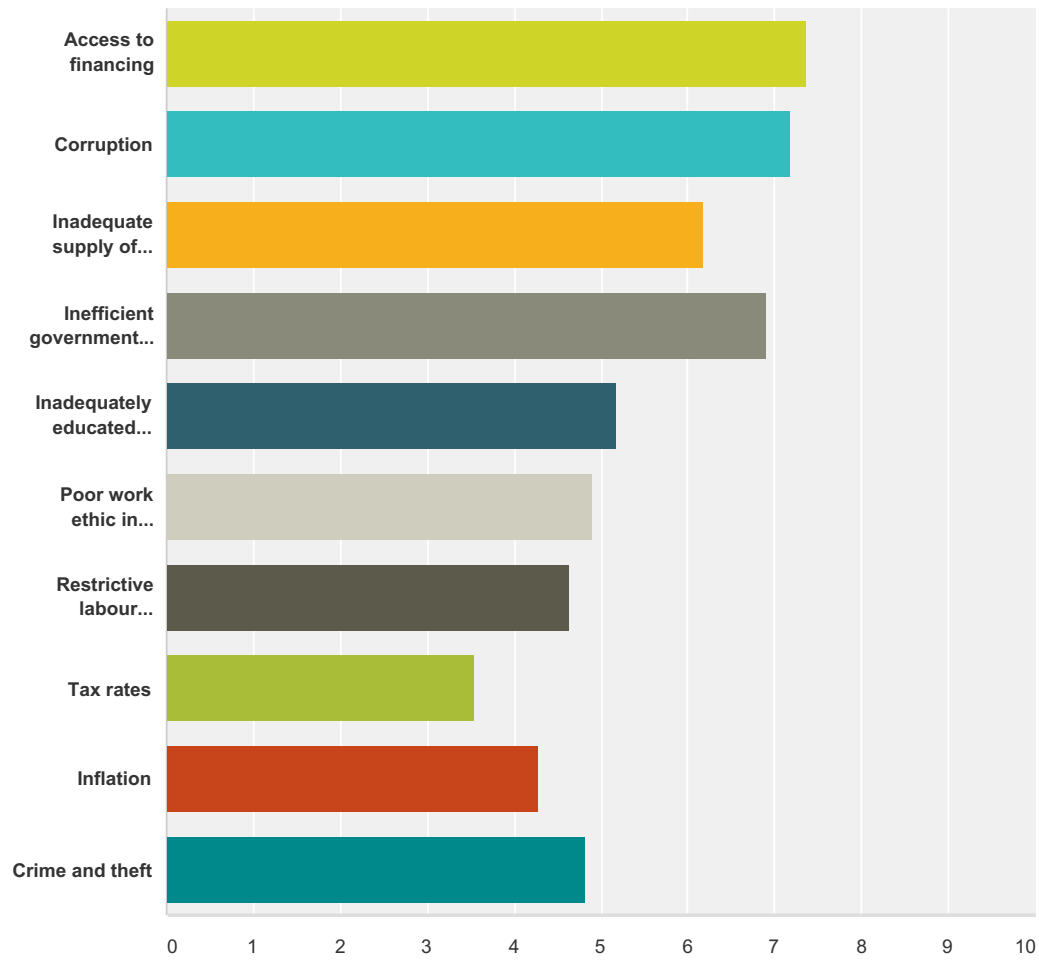


	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Total	Weighted Average
(no label)	9.09%	0.00%	0.00%	45.45%	45.45%	11	4.18
	1	0	0	5	5		

#	Please explain your answer	Date
1	Politics aside: the future of this town depends on its people, regardless of their political affiliation. At some stage we would need to put aside our differences and tackle the core issue at hand. By collaborating together and ACTUALLY finding the BEST solution FOR all as opposed to the solution for the selected few, we would achieve a lot.	8/28/2015 4:30 PM
2	Local Government must set the scene for emerging business to encourage employment	8/25/2015 12:29 PM
3	From small business to the top there is very little done to involve all. Small waits for big and big does not realise that small is what keeps them going to a great degree. Small does not have the ability and big is just too big in their own minds to incorporate small	8/25/2015 10:07 AM
4	The fact that Matlosane is under administration derail most of these initiatives	8/24/2015 8:01 PM
5	For there to be progress in the economy there has to be close collaboration amongst all parties to leverage on each other's strengths	8/24/2015 4:53 PM
6	No platform where actual interaction takes place, everybody 10000 ideas but not being implemented	8/24/2015 1:34 PM
7	How can business and government co-exist in harmony and economic prosperity if there is no communication?	8/24/2015 11:26 AM

**Q34 The following is a list of factors that may be constraining economic growth. For the City of Matlosana, please rank these from the most constraining to the least constraining (click and drag entry to rightful place or give it a number).**

Answered: 11 Skipped: 8

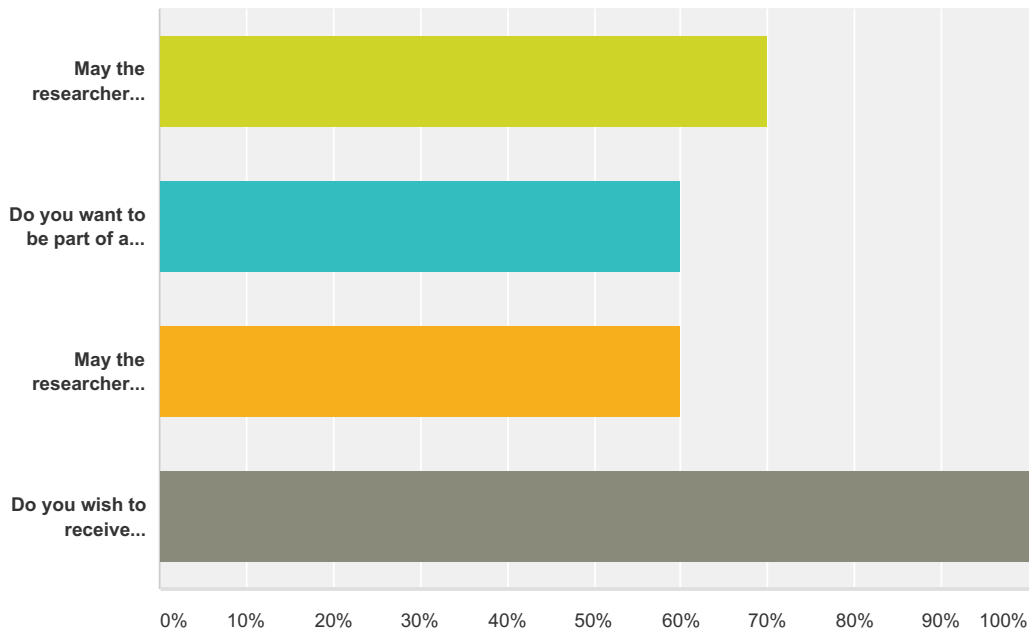


	1	2	3	4	5	6	7	8	9	10	Total	Score
Access to financing	36.36% 4	18.18% 2	9.09% 1	9.09% 1	0.00% 0	0.00% 0	9.09% 1	9.09% 1	0.00% 0	9.09% 1	11	7.36
Corruption	27.27% 3	36.36% 4	0.00% 0	9.09% 1	0.00% 0	0.00% 0	9.09% 1	0.00% 0	0.00% 0	18.18% 2	11	7.18
Inadequate supply of infrastructure	0.00% 0	9.09% 1	36.36% 4	0.00% 0	18.18% 2	18.18% 2	9.09% 1	0.00% 0	0.00% 0	9.09% 1	11	6.18
Inefficient government bureaucracy	9.09% 1	18.18% 2	9.09% 1	27.27% 3	18.18% 2	0.00% 0	9.09% 1	9.09% 1	0.00% 0	0.00% 0	11	6.91
Inadequately educated workforce	0.00% 0	0.00% 0	18.18% 2	18.18% 2	18.18% 2	9.09% 1	9.09% 1	9.09% 1	9.09% 1	9.09% 1	11	5.18

Poor work ethic in national labour force	<b>0.00%</b> 0	<b>9.09%</b> 1	<b>9.09%</b> 1	<b>9.09%</b> 1	<b>18.18%</b> 2	<b>9.09%</b> 1	<b>18.18%</b> 2	<b>0.00%</b> 0	<b>18.18%</b> 2	<b>9.09%</b> 1	11	4.91
Restrictive labour regulation	<b>9.09%</b> 1	<b>0.00%</b> 0	<b>0.00%</b> 0	<b>9.09%</b> 1	<b>9.09%</b> 1	<b>18.18%</b> 2	<b>9.09%</b> 1	<b>36.36%</b> 4	<b>9.09%</b> 1	<b>0.00%</b> 0	11	4.64
Tax rates	<b>0.00%</b> 0	<b>0.00%</b> 0	<b>0.00%</b> 0	<b>9.09%</b> 1	<b>18.18%</b> 2	<b>9.09%</b> 1	<b>9.09%</b> 1	<b>9.09%</b> 1	<b>27.27%</b> 3	<b>18.18%</b> 2	11	3.55
Inflation	<b>18.18%</b> 2	<b>0.00%</b> 0	<b>9.09%</b> 1	<b>0.00%</b> 0	<b>0.00%</b> 0	<b>9.09%</b> 1	<b>9.09%</b> 1	<b>0.00%</b> 0	<b>36.36%</b> 4	<b>18.18%</b> 2	11	4.27
Crime and theft	<b>0.00%</b> 0	<b>9.09%</b> 1	<b>9.09%</b> 1	<b>9.09%</b> 1	<b>0.00%</b> 0	<b>27.27%</b> 3	<b>9.09%</b> 1	<b>27.27%</b> 3	<b>0.00%</b> 0	<b>9.09%</b> 1	11	4.82

### Q35 Please indicate your preferences below:

Answered: 10 Skipped: 9



Answer Choices	Responses
May the researcher contact you to obtain clarity on some of your answers?	70.00% 7
Do you want to be part of a forum to discuss economic development in the City of Matlosana?	60.00% 6
May the researcher share your contact details with mining companies in Matlosana as a first step to improve communications between mining and other business sectors?	60.00% 6
Do you wish to receive feedback on the outcome of this survey?	100.00% 10
<b>Total Respondents: 10</b>	