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Resources policy and mine closure in South Africa: The case of the Free State Goldfields



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ABSTRACT

There is increasing international pressure to ensure that mining development is aligned with local and national development objectives. In South Africa, legislation requires mining companies to produce Social and Labour Plans, which are aimed at addressing local developmental concerns. Against the background of the new mining legislation in South Africa, this paper evaluates attempts to address mine downscaling in the Free State Goldfields over the past two decades. The analysis shows that despite an improved legislative environment, the outcomes in respect of integrated planning are disappointing, owing mainly to a lack of trust and government incapacity to enact the new legislation. It is argued that legislative changes and a national response in respect of mine downscaling are required.

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Introduction

For more than 100 years, South Africa's mining industry has been the most productive on the continent. At the same time, however, this industry has a long history of bias in favour of whites and mine owners (Cawood and Minnitt, 1998). The ensuing consequences have been well documented and include an extensive system of migrant labour across southern Africa (Taylor, 1987) with negative impacts on labour-sending areas (Wilson, 1972), poor living conditions for male workers in single-sex hostels (Crush, 1994; Marais and Venter, 2006) and, in many cases, limited long-term environmental (Van Eeden, 2012), social or economic (Hamann, 2004; Marais, et al., 2005) accountability towards mining areas. In addition, a number of papers have assessed mining-community relations in the post-apartheid period (Farrel et al., 2012; Hamann, 2004; 2006; Kapelus, 2002; Rogerson, 2011; 2012).

Recently, a paradigm shift regarding the rights and responsibilities of mining companies in South Africa has occurred as a result of the Minerals and Petroleum Resources Development Act of 2002 (Cawood, 2004)—an act hailed by the international community as best practice (Rogerson, 2012). Although the main purpose of the new legislation was to address the historical disparities in mining rights and the long-term environmental consequences of mining, the socio-economic conditions of mining

areas were also addressed. According to the new Act, mining companies are required to provide, inter alia, a Social and Labour Plan as a prerequisite for obtaining mining rights. These Social and Labour Plans are intended to address the socio-economic problems associated with mining and mine closure and assist with integrated planning between municipalities and mines.

In one of the first evaluations of the partnerships aimed at addressing local economic development (LED) in mining areas since the promulgation and implementation of the Mineral and Petroleum Resources Development Act (2002), Rogerson (2012) concludes that the overall picture shows mixed results. He argues that there is a need for “an understanding of the reasons for these disappointing outcomes” and calls for “local level investigations which unpack the changing dynamics of the partnerships between mines and local government” (Rogerson, 2012:13). An earlier study carried out by Nels and Binns assessed initiatives to address mine downscaling in the Free State Goldfields region¹ and arrived at the following seven conclusions (2002): (1) the local government LED activities required a much greater sense of purpose; (2) a more concerted effort was required from national and provincial

¹ The initial delineation of the Free State Goldfields region included the following towns: Welkom, Virginia, Allanridge, Hennenman, Odendaalsrus and Theunissen. Presently, this region falls into 2 local municipalities. Theunissen and the Beatrix Mine are located in the Masilonyana Local Municipality. The remainder of the region falls in the Matjhabeng Local Municipality, which includes the towns of Welkom, Virginia, Allanridge, Hennenman, Odendaalsrus and Ventersburg. I have opted to use the term “Free State Goldfields” as per the initial delineation, but there are instances where reference is made to some of the individual towns or the respective municipalities.

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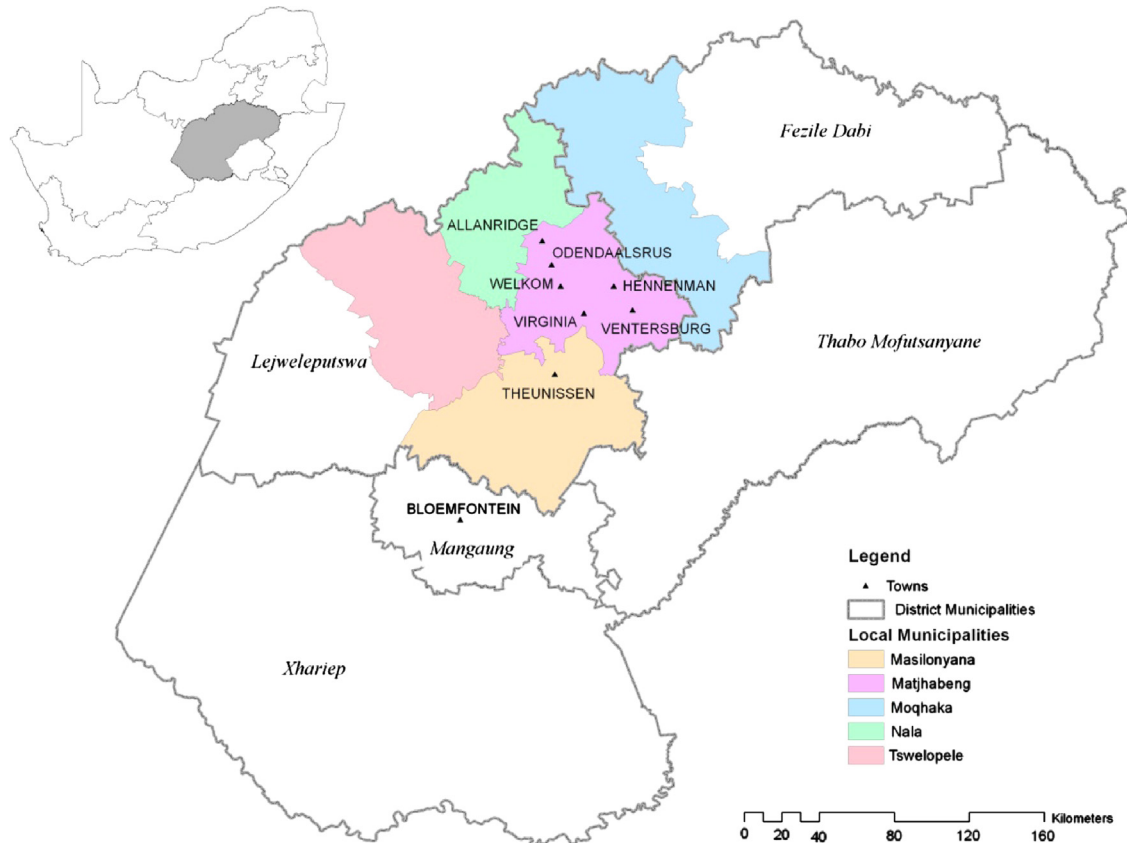


Fig. 1. Location of the Free State Goldfields in the Free State province of South Africa.

government; (3) the achievements were extremely modest considering the job losses that had taken place; (4) the Free State Goldfields region was by no means unique given the international trend of mine downscaling; (5) consideration should be given to initiatives involving government support and input from the private sector and community-based organisations; (6) a number of catalyst projects were required to address the problem of deindustrialisation; and (7) single-sector localities such as the Free State Goldfields should anticipate change and plan accordingly.

Against this background, the current paper aims to assess the impact of the new legislation on social and economic conditions in an area of mining decline, the Free State Goldfields of South Africa (see Fig. 1). The paper builds on the work by Nel and Binns (2002) and investigates whether the new legislation has played a role in improving the plight of communities affected by mine downscaling. The paper is based on three main methods. First, the historical data and evidence were assessed, mainly to determine how role players in the area have reacted to mine downscaling since the early 1990s. Second, interviews were conducted with business leaders ($\times 5$), municipal officials ($\times 5$) and community leaders ($\times 3$). The aim of these interviews was to understand the impact of mine downscaling and the historical attempts to address it. Third, a second set of interviews was conducted with representatives ($\times 5$) of the two mining companies (Goldfields and Harmony), representatives of the labour unions ($\times 2$) and the Department of Minerals and Resources ($\times 3$) to assess the role that new legislation has played in addressing the problems of mine downscaling.

The paper starts off by examining the relationships between mining companies and local communities within the context of mine downscaling. This first section ends with a description of the legislation and guidelines for Social and Labour Plans that have been in place since 2002. Next, a brief background of mine

downscaling in the Free State Goldfields is provided, followed by an assessment of attempts to address the consequences of downscaling in the region. The main emphasis here is to determine whether new legislation has made a noticeable difference in promoting a post-mining economy. After this comes an evaluation of the reasons for the limited results of the new legislation. Finally, the paper concludes with proposals for what can be done to remedy the situation.

Mines, mining communities, mine downscaling and partnerships: the international experience and the South African legislative intent

The liberalisation of mining in much of Africa since the early 1990s has led to an increase in production, but has also negatively impacted the countries where the liberalisation occurred, particularly the areas where the mines are located (Akabzaa, 2000; Campbell, 2011; ICMM, 2010; World Bank, 2002b). Some authors have even referred to the negative national and local impacts as the 'resource curse' (Girones et al., 2009), since the long-term negative impacts outweigh the short-term financial gains. In general, critics of liberalisation suggest that more attention should be devoted to: the integration of mineral and national development policies; the integration of the primary sector into the broader economy; and local development, local participation and local empowerment (Campbell, 2011; Mazalto, 2009; UNECA, 2011). In line with this, the World Bank (2002a) suggests that, in addition to a legal licence, mines should also be required to obtain a 'social licence' which, through partnerships with government and local communities, addresses sustainability issues in a structured manner (see also Humphries, 2000). UNECA (2011:1) summarises the current situation by stating that "[a]lthough the extensive

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