

Mining in South Africa: Whose benefit and whose burden?

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Jobs, profits, taxes and economic growth – these are the good things we have historically associated with mining in South Africa. It is only more recently that we are getting to hear about the destructive effects of mining on our environment and on the communities who live on the lands that have mineral wealth. In 2018, ActionAid conducted a survey of eight

mining-affected communities in South Africa to find out who are the real beneficiaries of mining and who bears its burdens. This article is a snapshot of the findings of that survey.

WALKING THE TALK

The Social Audit Baseline Report (ActionAid, 2019), which was conducted in eight mining-affected communities across South Africa as part of the ActionAid South Africa's Social Audit Project, was conceptualised as part of our ongoing work with the Mining Affected Communities United in Action (MACUA) and Women Affected by Mining United in Action (WAMUA).

Our research has found very little, if any, evidence that the development model of the South African mining sector, which is underpinned by the constitutional imperative to “redress inequalities”, (Froneman J, et al., 2010: 3) has been able to do more than enrich a minority. Evidence instead points to a model of development that has neglected the human dimension in the development of society in favour of a bricks-and-mortar model which quantifies development in terms of the wealth it creates for a few.

Our work with affected communities has highlighted how the

rights of individuals and collectives within communities to decide their own futures have been eroded in favour of the interests of wealth accumulation. The rights of communities to decide for themselves have been stripped away through a systemic promotion of laws which seeks to cast mining communities as subjects rather than as constitutionally protected citizens (Claasens, 2018).

The Social Audit Project methodology of holding power to account was particularly important for us as it allowed communities to engage in the hard work of rebuilding activism and agency in ways that did not reduce communities to passive recipients of handouts.

WHAT HAVE THE SURVEYS FOUND?

The findings from the report have broadly confirmed our initial concerns that mining-affected communities are disproportionately affected by mining, not only because of their proximity to the mines, but also because of the political, economic and social barriers they face in claiming their agency.

Among the political barriers faced by communities are lack of adequate legal protection and a distinct lack of policy and legislation which promotes and encourages active participation by communities in their own governance.

In this report we unpack how the outcomes produced by the mining

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regime of laws and policy often falls short of the constitutional imperative to ensure active citizen participation in affairs of governance. We also highlight the distinct difference between the rhetoric used by government and politicians about the constitutional and political rights of communities to participate in their own governance and the actual outcomes of exclusion.

This report highlights the deep divide between the political, legislative and constitutional prescriptions and the reality of communities living in constant distress which they experience as a type of “structural violence” (Ho, 2007: 1-17) against them.

The surveys derived from structured personal interviews conducted by community volunteers in door-to-door visits to 757 respondents in eight mining-affected communities

located in seven provinces. The key demographic statistics of the baseline survey were:

- 64% of the respondents surveyed were women and 36% men.
- 62% indicated they were single and 26% married.
- 64% had education up to a secondary level and 13% indicated a tertiary level or higher.
- 46% of respondents indicated that their main source of income was from social grants.
- 24% indicated that they survived on petty trading or self-employment.
- Only 30% indicated that they were engaged in some type of formal or informal employment.
- 73% of respondents indicated that no individuals in their households were either currently employed or previously employed by the mine.
- Of the 27% who indicated that someone in their household was employed at a mine, 41% indicated that they were casual or manual jobs.

In other words, data collected in the survey indicate high levels of unemployment with significant reliance on social grants to survive and very little opportunity for employment at, or through, the mines.

With regard to the social responsibility of the mines and the Department of Mineral Resources (DMR), it emerged that 91% of respondents did not know what a Social Labour Plan (SLP) was or knew of any structures in their community that engaged with the mine on SLPs. A total of 95% had never seen an SLP.

The almost total lack of knowledge and involvement in the SLP processes is significant, as it indicates the extent to which South African mining actors are directed towards or delivering on participatory processes of development and governance as mandated by the Constitution and confirmed by the Constitutional Court (Friedman, 1989).

SLPs are meant to be the main drivers of developmental programmes

yet the beneficiaries of the programmes – the communities – appear not to be aware of the programmes and how they are supposed to benefit from them.

Three clear themes emerged from the surveys with regard to the challenges faced by communities affected by mines. These are:

- Environmental issues, such as air, land and water pollution, which impacts on human and livestock health, soil and water quality.
- Living in an unsafe environment, which relates to blasting close to houses and the tremors from blasting, as well as rising crime levels within communities.
- The constant threat to health, including TB, HIV, skin rashes and infections, asthma, silicosis and chest and lung problems.

When surveyed on the benefits to be gained for communities living close to a mine 79% indicated that there was no benefit from the mines at all, with 8% saying that the mine only brought negative consequences such as sickness, dispossessions and damages. Only 13% felt that there were positive benefits such as clinics, roads and employment. When the respondents were asked about what they would want to change in the relationship between the mine and the community, four themes were highlighted:

- 39% wanted more employment, skills development and livelihood options.
- 35% wanted more accountability, consultation and communication with the mines.
- 20% wanted more basic services and infrastructure.
- 6% wanted some form of compensation when necessary.

This survey suggests that the communities consistently prefer outcomes that allow them to develop and act on their own agency either through gainful employment or access to other livelihood options. In other words, respondents indicated a preference to do >>

things for themselves rather than to be treated as social grant recipients.

A significant number of respondents indicated that they wanted more participatory processes such as consultation and communication rather than be seen as recipients of charity. The survey found that the women not only have to bear the worst impacts on health and social and personal violence against their bodies, they also have to contend with structural barriers to their well-being. Key findings include:

- 40% of women indicated that jobs are only accessible through sexual favours.
- 14% of women indicated that some sort of payment, fee or bribe was needed to secure a job.
- 73% of women indicated that they have received no benefit from the mine.
- All of the women indicated that their community experiences substantial violence such as rape, murder, abuse and protests.
- 85% of the women linked the increase in violence to the development of the mine.

THE POLITICAL ECONOMY OF MINING

The approach to mining in South Africa has historically and, we argue, consistently been a violent, masculine and exploitative project that concentrates the benefits for a few at the expense of the majority.

The accumulation of wealth derived from mining has had a significant influence over the political arrangements of South Africa and has historically been the main driver of the apartheid economic model of wealth accumulation. This model saw the development and rise of a Minerals-Energy-Complex (MEC) (Fine, B. & Rustonjee, Z., 1996) that brought together key players in the extractive, electricity and downstream industries to systematically exploit the mineral wealth and make it the platform

for the development of the rest of the South African economy for the benefit of a minority.

According to PricewaterhouseCoopers (PWC), reports have been compiled for the Johannesburg Stock Exchange of listed corporate entities in the South African mining industry incorporating financial results from 2007 to June 2018. The reports reveal that the South African mining industry, despite a media narrative in which its corporates are cast as victims struggling to make a profit, earned net profits of R221bn over this period (PWC, 2018).

That does not include the undeclared illicit financial flows which the continent-wide development organisation, African Monitor, claims peaked at R237bn per annum in 2011. According to African Monitor, South Africa has lost a cumulative R1,007bn in illicit outflows between 2002 and 2011 (Monitor, 2017).

“South Africa: Potential Revenue Losses Associated with Trade Misinvoicing” from the United Nations Comtrade database analyses South Africa’s bilateral trade statistics for 2010-2014 (the most recent years for which sufficient data are available), and found that, “Analysis of trade misinvoicing in South Africa from 2010-2014 shows that the potential loss of revenue to the government is \$7.4bn annually or a total of \$37bn during the period” (Integrity, 2018).

These are significant amounts that have a direct impact on whether communities are able to escape their poverty traps or not.

A submission to the Marikana Commission by the Centre for Applied Legal Studies (CALS) compiled by the legal researchers who had specifically studied the Lonmin case reported that: “A number of programmes suffered from poor planning with resulting problems of implementation. These programmes include a brick-making factory, the agricultural farm project and most importantly, the construction

of 5,500 houses as committed in the 2006 SLPs. The failure of these projects points to non-compliance that requires further investigation.”

The report further states that: “The lack of delivery under these projects and the resultant lack of impact on the lived reality of the mine-affected communities, including workers and their families, could constitute a significant factor precipitating the events in Marikana of 9 to 16 August 2012” (CALS, 2013).

The state, on the other hand, remains a significant beneficiary of the mining industry as it is currently configured and the same PWC reports from 2009 to June 2018 calculates that the state has received R160 bn in direct tax revenues during this period. An additional amount of approximately R45bn is estimated to have been paid to government as royalties (PWC, 2018).

In all, the PWC reports (which do not factor in any potential misinvoicing and/or illicit financial flows) estimate that government takes approximately 24% of value reported among the listed JSE mining companies, with employees taking 47% and shareholders 29% of value reported (PWC, 2018).

Community investments, by contrast, have only amounted to 0.9% over the same period (PWC, 2018). But, as has been shown in this report, none of the value from these community investments appears to have flowed to the communities who participated in this survey. Up to 79% of respondents, to whom these benefits are meant to accrue, have not participated in or benefitted from the claimed investments. By our calculations, this implies that close to R5.92bn of the estimated R7.5 bn earmarked for community development did not reach its intended beneficiaries during this period.

The extent of the unaccounted for expenditure on community development can be associated with the lack of community participation in these projects as well as the lack of

development in the study areas and can potentially also be linked to the way cycles of poverty continue to manifest in mining-affected communities.

The extent and scale of the potential misappropriation of funds meant for community development suggests that high levels of corruption exist in the way that funds are allocated to community development.

It also shows that besides the potential corruption in the distribution of funds, the projects meant to advance community development are not trickling down to communities in the way envisaged by the corporations and the DMR.

INCLUSION OR PROTEST

The ineffectual outcomes of the current mining regime and its main instrument for development, the SLPs, are intimately linked to the paternalistic nature and logic of the existing legal and governmental

framework. The Constitution, the Minerals Petroleum Resources Development Act (MPRDA) and the Mining Charter propose a transformed country through broad-based trickle-down beneficiation. Ironically, the well-entrenched paternalistic approach to the idea of development (which on the face of it runs contrary to the vision set out in the Constitution), has reinforced the very inequalities that the new mining regime aimed to overcome.

Government is keenly aware of the systemic nature of the ongoing inequalities and resultant public discontent but despite the democratic, social and economic deficit at the local level, the government remains committed to policies that place corporate interests above those of the citizens on the assumption that value will eventually trickle down to communities (GCIS, 2018).

The two conflicting responses by government suggest a deep conflict

within the corridors of power and the talk of inclusivity and consultation is not supported by the evidence of systematic and deliberate exclusion built into mining legislation and regulation. The upshot of paternalistic top-down development is that the developmental outcomes more often than not deepen inequality.

When examining the results of the baseline studies, the promise of progress and development driven by SLPs and the Mining Charter are not evident, and the analysis points instead to a far more systemic process of exclusion of the voices of affected communities.

The Social Audit Baseline Report indicates a strong connection between mining and excessive or severe environmental impacts on communities living around mines. The extensive nature and types of negative impacts experienced, and the sense of damage expressed by communities living close to mines, suggests some connection ➤



with the findings of scholars, such as those of Carin Runciman, Senior Researcher at the Centre for Social Change at the University of Johannesburg, who has studied the rising tide of protests in South Africa. In a 2017 article in *The Conversation*, Runciman draws a link between the lack of democratic practice at local level with protests at a national level:

As part of research by the Centre for Social Change we spoke to protesters all over the country. A new book from the Centre highlights the extent to which protesters are raising not just concerns about the quality of service delivery but also about the quality of post-apartheid democracy. As Shirley Zwane, from Khayelitsha, near Cape Town, explains: “We don’t have democracy! . . . We [are] still struggling . . . you see if we are in democracy there’s no more shacks here . . . No more bucket system . . . we [are] supposed to have roads, everything! A better education . . . There is a democracy? . . . No, this is not a democracy! They have, these people in Constantia, Tableview, Parklands, they have a democracy, not for us!” (Runciman, 2018).

The Baseline Report section compiled by Robert Krause of the CALS explains in detail how technically available company information is tied up in extensive bureaucratic hoops, making it difficult for interested parties to access relevant information.

Any attempt to advance social cohesion, as is the stated constitutional objective of the mining regime, and the rising tide of protests will have to grapple with a mining policy that does not address the fundamental weakness of excluding people from participating in their own governance.

WHOSE BENEFIT AND WHOSE GAIN?

On the question of the severe health impacts experienced by communities, there is enough evidence to suggest that poverty and poor health

are inextricably linked (John E Ataguba, James Akazili, Di McIntyre, 2011). A briefing note prepared by Dr Caradee Wright for the Council for Scientific and Industrial Research (CSIR) states: “There is a clear link between the state of the environment and human health and well-being. According to the World Health Organization (WHO) an estimated 23% of all deaths in Africa are the result of avoidable environmental hazards such as contaminated water, poor hygiene, inadequate sanitation, poor water resource management, use of unsafe fuels, atmospheric pollution and poor infrastructure. According to the same WHO report South Africa is ‘strongly underestimating’ its own environmental burden of disease: currently 16% of all deaths in the country are related to the state of the environment” (Wright, 2010).

The causes of poor health are rooted in political, social and economic decisions that seldom take adequate account of the interests, needs and realities of those most directly impacted. Poverty is both a cause and a consequence of poor health. Poverty increases the chances of poor health. Poor health in turn traps communities into poverty.

The baseline survey outcomes correspond with this view. There appears to be a deep gap of understanding about the benefits of mining between government and the people, whose interests government is supposed to represent.

An assertion by the current Minister of Minerals and Energy that mining will bring development, employment and other benefits to communities is not supported by the findings from this report and points instead to a burden rather than any benefit for communities (Mantashe, 2018).

The DMR’s main focus has been on speeding up the process of investment, with the Minister declaring in his department’s budget speech that, “to unleash our economy, we

must overcome this to ensure that prospectors can prospect and those with the legal permits and the means to mine can do so” (Mantashe, 2018).

In line with this commitment to speeding up the rate of exploitation of mineral reserves, the DMR has increased the budget to be spent on the *Mineral Promotion and International Coordination* sub programme, within the *Mineral Policy and Promotion* programme, to R239.1m in the medium term.

By the same token, the number of SLP verification inspections (inspections which are supposed to ensure that the intended beneficiaries of the SLPs are benefitting) has decreased from a high of 285 per year in 2013/14 to 212 in 2018 while the number of environmental verification inspections per year has decreased from a high of 1,889 in 2015/16 to 1,275 at present.

Mintek, which offers development services in the mineral and metallurgical industries, and the Council for Geosciences account for 50.1% of the DMR’s annual budget and salaries at these institutions account for 33% “due to the labour-intensive nature of the department’s work, particularly with regards to enforcement, compliance monitoring, and the inspections of mines across the country.” Personnel numbers are expected to decrease though, from 1,122 in 2016/17 to 1,040 in 2019/20 indicating reduced capacity to monitor compliance and enforcement.

The gap between communities who are reporting that their experience is one of burden, not benefit and the government who seems intent on continuing to pursue a strategy which prefers investors over social and environmental impacts, suggests that the sector is on a course for deepening poverty and increased conflict.

WOMEN

The MPRDA mentions women as a specific category only once. This is



surprising considering that the South African Constitution sets out in its founding provisions the two social contradictions which have historically been at the centre of our apartheid past, namely anti-racism and anti-sexism (Parliament of South Africa, 1996).

While much attention is paid in the act to the broader category of “historically disadvantaged persons”, women are broadly omitted from special consideration in the main act. This is astonishing given the empirical evidence and general agreement in government and within civil society that women are generally and specifically oppressed and discriminated against, in particular in legislation dealing with this sector.

Issues of gender have been largely ignored in the Mining Charter 3 (Parliament of South Africa, 2018). Where women are included, they are mentioned interchangeably with youth. Instead of a mining company having to ensure that they procure from women-owned companies, for example, they could instead procure from youth-owned companies. This interchangeability occurs throughout the Mining Charter, leaving specific targets for women and girls unquantifiable and unenforceable. Targets for women’s empowerment need to be significantly increased in all areas of the Charter. Without specifying interventions to benefit local women, the Charter’s minimal provisions serve only to benefit women who are already economically empowered.

As a general rule, communities who participated in this research indicated that community consultations were often not public knowledge and, where consultations did take place, they were often with traditionally dominant or politically connected men in the community. Women are generally excluded as a rule and often experience the least impact of any potential beneficiaries. As a result, women are

stripped of the means of acquiring status and wealth.

Research indicates that men and women often prioritise community investments differently, and frequently more sustainable development outcomes are planned where women have an equal engagement with men in setting priorities.

As we have suggested in this report, any kind of exclusion of vulnerable groups within society, especially with regard to decision-making that impacts on the livelihoods of those groups, produces and exacerbates the inequalities already prevalent within that society or community. The exclusion of women in an already patriarchal society and communities in an already unequal society can never lead to a more just outcome for those women and communities.

As long as women and communities remain on the margins of consultation and decision-making processes, the gender bias and pro-elite bias in extractive projects will not be adequately addressed and will continue to negatively affect women and vulnerable communities.

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