

The governance of mineral resources in South Africa: The case of a selected mining community in Limpopo province

By

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DECLARATION

I declare that the thesis titled: **The governance of mineral resources in South Africa, the case of a selected mining community in Limpopo province** hereby submitted to the University of Limpopo, for the degree of Doctor of Public Administration has not previously been submitted by me for a degree at this or any other university; that it is my work in design and in execution, and that all material contained herein has been duly acknowledged.

April, FNYN (Ms)

Date

ABSTRACT

This study was undertaken in four villages which are Makgemeng, Maroga Phalatseng, Mooihoek, and Legabeng, in the Limpopo Province. The aim of the study was to examine whether local communities were benefitting from the local mine, whether the mine promoted an acceptable number of LED projects; whether the mine complied with the Mineral Petroleum and Resources Development Act 2002 (MPRDA), initiatives such as Black Economic Empowerment and Social Labour Policies, and whether the mine helped the development of the local economy, and whether the mine promoted job creation through down-streaming beneficiation which is the core beneficiation form where a mineral is extracted, processed and sold as a finished product and side streaming beneficiation which is an extended form of beneficiation through infrastructures, roads, harbours, airports, railways, institutions

The study was anchored on the modernisation theory with a focus on the Sachs economic stages. Four hundred participants took part in the study. The mixed methods research design which integrates both quantitative and qualitative was applied since the study was aimed at exploring and giving in-depth analysis of the relationship between mineral resource wealth gained by the mining industry, and the ongoing poverty and marginalisation in the four rural mining communities. Literature reviewed for the study establishes that despite mining legislation, local economic development growth in rural mining communities remains problematic due to lack of compliance of the Mining Charter which is a legislative instrument of the MPRDA. South Africa has not managed to advance its state of manufacturing through mineral beneficiation as it continues to export minerals partially processed thereby missing out on the full economic value of job creation and industrialisation. Moreover, minimal transformation amongst the Blacks in the rural mining communities has transpired as envisioned under the MPRDA. Instead, an elite core of Blacks have broken into the mining industry while a majority remain marginalised. It is argued that for South Africa to succeed in promoting mineral industrialization through LED in rural communities, it will have to address the challenges that rural typologies mining communities face which include challenges at municipal capacity level, lack of policy alignment between local and national government, historical mistrust between the mining industry and the community, spatial economics and minimal business attraction. Globalisation it is argued can also be addressed better through the modernization framework which promotes strong state intervention of legislative oversight. Most industrialised states it is asserted reached the final economic stage of services through

interventionist procedures unlike neoliberalism which promotes minimal state participation in the business sector. Neoliberalism has been the bedrock of South Africa's economic policies since 1994. Due to neoliberalism, South Africa has been forced to take into consideration global trends focused on increasing economic interdependence, and also constrained the ability of South Africa's ability to diversify its mining sector and communities.

The findings confirm that the Department of Mineral Resources (DMR) should create a program that will serve as a one stop shop to provide mining information for the local government on mining programs facilitated, and ensure that they are managed properly with the communities involved. This program should also capacitate the local government officials in addressing legislative oversight issues such as Social labour policies with the mines so that they don't go unchecked. Most of the community members perceived that the mine was not genuinely interested in promoting the development of their communities, particularly in regards to LED projects. The government also need to address the low literacy rate at the mining rural communities which has become a roadblock for transformation. Industrialisation requires a qualified human stock that would be able to professionally deliver on BEE related services and development. For MPRDA to succeed as a beneficiation tool, it can only be accomplished through human resource development beginning at basic education. Value-addition to minerals is only achievable by a well-trained and fully equipped labour force

The study also confirmed that the mines were unwilling to engage with the communities, did not understand the communities, were not transparent with them on tenders or procurements, and made minimal effort to assist develop the communities. A majority of the mines did not participate in the integrated development plan, and most of the community members indicated that the mine did not view them as stakeholders. Lack of corporate social responsibility efforts to alleviate poverty in the communities will only further tension and conflict within the community. Moreover, this continued practice by the mines perpetuates lack of transformation as required by the MPRDA leading the mining industry to remains predominately under the control of white owned companies and rural communities to remain marginalized and undeveloped. In summary, the DMR should stop relying on the mines to transform and comply to all the MPRDA requirements without any form of effective oversight.

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DEDICATION

This study is dedicated to my daughter, Delia, Bongsi Mbulawa, my special brother, Mr Huixen Chen, my parents, Ncinci, and Tata who instilled hard work and education in me, and to God, my Almighty and Loving Father.

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LIST OF ABBREVIATIONS

AMCU:	Association on Mineworkers and Construction Union
ARM:	African Rainbow Minerals
ASGISA:	The Accelerated and Shared Growth Initiative for South Africa
ANC:	African National Congress
BEE:	Black Economic Empowerment
BBBEE:	Broad Based Black Economic Empowerment Charter
CSIR:	Center for Science and Industrial Research
COGTA:	Department of Cooperative Governance and Traditional Affairs
DME:	Department of Minerals and Energy
DPLG:	Department of Provincial and Local Government
ERS:	Economic Research Services
FDI:	Foreign Direct Investment
GDP:	Growth Domestic Product
IDP:	Integrated Development Plan
LED:	Local Economic Development
LEDA:	Limpopo Economic Development Agency
Limdev	Limpopo Economic Development Enterprise
MPRDA:	Mineral Petroleum Resources Development Act
NDP:	National Development Plan
NEM:	Normative Economic Model
NGP:	New Growth Path
NUM:	National Union of Mine Workers
NSDS:	National Spatial Development Strategy

NSDP:	National Spatial Development Perspective
RDO:	Rock Driller Operators
RDP:	Reconstruction and Development Program
GEAR:	Growth, Employment and Redistribution
SALGA:	South African Local Government Association
SMME:	Small, Medium, and Micro-Enterprise
SLP:	Social and Labour Plan
WEF:	World Economic Forum

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION AND BACKGROUND

In as much as Public Administration has remained a scientific discipline that is primarily concerned with the implementation of government policy (Hanekom & Thornhill, 1994; Botes, Brynard, Fourie & Roux, 1996; Sebola, 2015), the current debates indicate that it is stuck within the modernisation project of the 20th century (Fox & Miller, 1995; Hacey, 1996; Svava, 2001; Cunningham & Weschler, 2002; Cameron, 2010; Nkuna & Sebola, 2014). It is this modernisation project that has come out to shape the current thought within Public administration and eventually the frameworks that are applied in developing policy interventions. According to Berger (2003:2), modernisation may be characterised by rationalisation, centralisation, specialisation, bureaucratisation, and industrialisation (see also Nkuna & Sebola, 2014). Modernisation on the other hand refers to the presently ingrained cultural values, the dominant theory in use in both society and academia based on “causality, determinism, egalitarianism, humanism, liberal democracy, necessity, objectivity, rationality, responsibility, and truth” (Cunningham & Weschler, 2002). Therefore modernisation as a thinking is much more than a theoretical model in that it has tended to be influenced by the ontological stand that adheres to positivism which has dominated public administration discourse over the time (Stacey, 1996; Cilliers, 1998; Nkuna & Sebola, 2014) The modernisation concept has also become a dominant means of understanding the process of global change and identifying ways in which developing countries could accelerate, channel, and direct their local economic reforms (Allen, 1995; Nabudere, 2001). Of course in Public Administration, there are a number of theories that have emerged which, in one way or another, influenced most of the initiatives implemented under public sector reforms, within Africa in particular (Hanekom & Thornhill, 1994; Grant & Dollery, 2010). Those theories are informed by a variety of frameworks and ideals that conform to what this study will articulate as the modernisation paradigmatic framework in relation to the Public Administration discourse.

The modernisation theory is considered more relevant for South Africa as an emerging country, which remains semi industrialized, and needs to reach the highest level of economic growth where it could become fully industrialised and more economically independent. South Africa after its 1994 democratic transition, embarked on development initiatives that were meant to

benefit society. One of the areas that the country sought to stimulate such development initiatives was to tap in the country's existing mineral resources through mineral beneficiation which would ensure that the country stops exporting semi raw minerals and buying back finished goods. The South African government legislated the establishment of mineral beneficiation to maximize economic benefits to the society in general through the Mineral Petroleum Resources Development Act 48 of 2002 (MPRDA) which was amended on June 2013, as the MPRDA Amendment Bill (B15-2013). There are however on-going debates as to whether the implementation of such legislation within the context of enhancing the state's developmental aspirations is really addressing issues of local economic development that stands to benefit the relevant mining communities (see Andrews-Speed & Rogers, 1999; Cawood, 2004; Van der Zwan & Nel, 2010; Badenhost & Olivier, 2011; Van der Schyff, 2012). The debates are along the lines of the paradigmatic frameworks that are adopted within Public Administration as a discipline that is primarily concerned with the implementation of government policy (Hanekom & Thornhill, 1994; Botes, Brynard, Fourie & Roux, 1996). The key reasons behind the ongoing debates of MPRDA implementation at local government level is due to South Africa's lack of effective policy implementation, and application of neoliberalism as an economic model.

Conceptually, Neoliberalism is associated with laissez-faire economic liberalism beginning in the 1970s and 1980s (Haymes, Vidal de Haymes, Miller, 2015). It advocates support for extensive economic liberalization policies such as privatization, fiscal austerity, deregulation, free trade, and reductions in government spending in order to enhance the role of the private sector in the economy (Awooner, 2006; Taylor, Gans-Morse, 2009; Sebola & Nkuna, 2014). Neoliberalism is famously associated with the economic policies introduced by Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States which promoted minimal state intervention (Fischer, 2003, Hoogevelt, 2001). The transition of consensus towards neoliberal policies and the acceptance of neoliberal economic theories in the 1970s are seen by some academics as the root of financialization, with the financial crisis of 2007–08 as one of the ultimate results (Haymes, Vidal de Haymes, Miller, 2015).

Neoliberalism is viewed as having contributed towards the adoption and implementation of national policies in South Africa. Post 1994, at least 5 national plans have been adopted with the current official one being the National Development Plan (NDP). The jury is still out as to whether the NDP will be effectively implemented as a plan to achieve South Africa's

developmental objectives as it has not achieved national buy in of all stakeholders, and viewed as a neoliberal policy. Previous plans that have been adopted include the Reconstruction and Development Program (RDP) (Department of Public Service, 1995). The RDP was latter partially replaced by the Growth, Employment and Redistribution (GEAR) of 1996 which its aim among others was to calm domestic capital and foreign currency markets (Adelzadeh, 1996; Visser, 2004). GEAR is considered to have represented the epitome of neoliberalism in South Africa. GEAR implied that economic development in South Africa should be led by the private sector; the state should play a smaller role in the economy; state-owned assets should be privatized; there should be deep cuts in government spending; international competitiveness and an export-orientated economy should be encouraged; of exchange controls should be relaxed; and social service delivery budgets and municipal infrastructure programmes should be reprioritized in order to address the claims of the poor to a fair package to meet their basic needs (Gore, 2000 Thompson, 2002; Van der Schyff, 2012; Twala, 2014). Despite GEAR having been replaced by other national plans such as Accelerated and Shared Growth Initiative for South Africa (ASGISA), and the New Growth Path (NGP), the general principles of GEAR continue to have a significant influence on the country's economy, particularly its governance of natural resources.

This proposed study seeks to investigate the governance of mineral industrialisation in South Africa as a means of improving Local Economic Development (LED) with a view of determining implications of modern paradigmatic framework in making a meaningful contribution to mineral beneficiation. The theoretical framework will be inclined towards assessing neo-liberalism which has dominated the reforms for development in most African states (Manuel, 2003). The question at stake therefore, is whether the frameworks adopted for the governance of mineral beneficiation do address the intentions as per the spirit of legislated provisions, while restricted to the current dominant economic paradigmatic frameworks.

1.2 STATEMENT OF THE PROBLEM

The purpose of this study is to investigate the effects of modern thinking within the governance of mineral resources beneficiation in South Africa with a view of making recommendatios towards a model that can be applied to stimulate local economic development within mining communities. The problem is that despite the existence of minerals in South Africa, rural communities situated in the vicinity of those mines are not benefiting from such mining activities

in terms of local social-economic benefit spill overs. The reality is that mineral beneficiation at LED level has not matched the MPRDA legislative implementation as per intentions. Instead mineral beneficiation remains incomplete with deepening economic challenges at the local government level space of operation.

According to the Parliamentary Monitoring Group (2011), many LED strategies were not grounded in economics, meaning that there has been no economic development theory that guided the process, amongst other things. The aforementioned activity resulted in limited integration to local, district, provincial and national planning strategies (Parliamentary Monitoring Group, 2011). Moreover, during a presentation at the South African Local Government Association (SALGA) briefing of 2011, the Parliamentary Monitoring Group pointed out the fact that the application and implementation of the National Framework for Local Economic Development (LED) had unrealistic targets with minimal monitoring and evaluation at the local government sphere (SALGA, 2011). Therefore, despite the establishment of the National Framework for LED by the Department of Provincial and Local Government (DPLG), now known as Department of Cooperative Governance and Traditional Affairs (COGTA), along with the implementation of the MPRDA 2002 Act, the realities on the ground reflect a different phenomenon that require further research.

1.3 MOTIVATION AND RATIONALE OF THE STUDY

Challenges attendant to South Africa's application and implementation of the Mineral Petroleum Resources Development Act 48 of 2002 (MPRDA) and the Mineral Petroleum Resources Development Act 48 Amended Bill, 2013) for the establishment of an industrialised local economic development system require theorisation beyond the current general industrial approach. Such challenge has intensified at the local government sector because of the historical imbalances, and minimal mineral industrial growth that can enhance local economic development. This study hopes to uncover factual evidence that can assist both scholarship and practice within public administration by examining the industrialisation of mineral resources within selected mining communities found in the Limpopo Province. It is argued that in order to accomplish economic development, governments have to transform their institutions to meet the necessary demands, particularly in a country such as South Africa which is also one of the most unequal societies in the world, with a high rate of unemployment (Seidman, Mbana, &

Hanson, 2007). The uncovering of those facts will contribute to both the practice and scholarship of public administration.

In relation to the LED framework in South Africa, the six “developmental” strategies being community-based development; linkage; human capital development; infrastructure and municipal services; leak-plugging in the local economy; and retaining and expanding local economic activity (Rücker & Trah, 2007) are not finding space for realisation in practice, hence this study intends to pursue as to what can be underlying problems within the modernisation framework based on economics thinking (Nel, 1999). That will take place within the range of key policies that have either directly or indirectly contributed to the LED state in South Africa which include among others the Constitution of the Republic of South Africa of 1996, the 1998 White Paper on Local Government, the Local Government Municipal Systems Act 32 of 2000, and the policy paper on Integrated Development Planning of 2000. However, despite all the aforementioned legislative instruments, mineral industrialisation has not matched policy intentions (Pettersen, 2008) hence this study remains relevant.

In attempting to accelerate development in South Africa, neoliberal thinking was adopted as a framework to deal with the country’s post-1994 economic strategy which given the state of challenges within the area in terms of social-economic development warrant further research. South Africa as a developing country could not be spurred from the adoption of liberalisation policies advocated by free market economists which contradict the MPRDA objectives. Notwithstanding, neo-liberalism has failed to adequately appreciate the challenges within the context of LED that are consequential to a disconnect between policy intentions and practice that remain phenomenal within industrial growth and economic development in South Africa. The fact is that for the LED to become effective in the mining sector, the economic framework being implemented will have to ensure that local governments and community based organizations are involved in the application of policies such as the MPRDA designed to promote industrial development.

This study will argue and pursue through literature and empirical data on the state and implementation of the MPRDA. That in essence will contribute in creating the space for creative development of policy interventions that can assist in easing the edge created by neo-liberal thinking within its modern conceptual framework. That may eventually guide public officials and relevant governance authorities to navigate through the problematiques that bequeath the

implementation of development related policies like the MPRDA as it is a case in South Africa. Of course the debates that relate to industrialisation are not limited to those that have found expression in the MPRDA. There are various theories that are also relevant to the application of economic development conceptions (Ayee, 2008), more so within the wide spectrum of public administration practice. Such theories among others ranges from the Harrod-Domar Savings Model, the Dependency Theory, the Trickle-Down Theory, and the Rostow Linear Stages Model (Billet, 1993). This study however singles out Jeffrey Sachs economic stages of development in order to investigate mineral resources beneficiation in South Africa with a strong bias to LED within the practice of public administration.

1.4 RESEARCH AIM AND OBJECTIVES

The aim of the study is to investigate mineral resources beneficiation in South Africa by determining implementation of mining based policies. The study is also designed to establish the effects of modernity as a framework with a view of proposing recommendations that can contribute towards the existing body of theory, and practical intervention in public administration. To operationalise the aim, the study pursues the following objectives in accordance with specific research questions posed:

- To determine the extent of application of the modernisation framework within the mineral industrial process in South Africa;
- To expose the impact of neo-liberalism on South Africa's mineral beneficiation strategies;
- To establish the level of local economic development compliance by the mining industry from the Department of Mineral Resources;
- To establish socio-economic benefits for local mining communities as required by the Mineral Petroleum Resources Development Act 48 of 2002; and
- To investigate the mine management, community members, and relevant stakeholders regarding compliance of the Mineral Petroleum Resources Development Act 48 of 2002, and its effects on local economic development

1.5. RESEARCH QUESTIONS

The proposed study poses a general research question on the problematiqués regarding policy implementation, and the practice of mineral industrialisation within the local economic development system. The study seeks to give answers to the following questions:

- What are the perceptions of the local communities regarding the mine's implementation of the Mineral Petroleum Resources Development Act 48 of 2002, and local economic developmental growth?
- What are the challenges and attitudes of mine management towards implementation of the Mineral Petroleum Resources Development Act 48 of 2002 in rural mining communities?
- What is the impact of the Department of Mineral Resources in compliance oversight of the Mineral Petroleum Resources Development Act 48 of 2002, including its policies such as the Social Labour Plan (SLP), and the Broad Based Black Economic Empowerment Charter (BBBEE)?
- How does the Mineral Petroleum Resources Development Act 48 of 2002 impact on local economic development growth in rural mining communities?
- Determine the extent which surrounding mining communities' benefit from the mining industry due to local economic development projects?

1.6. DEFINITION OF CONCEPTS

Any research is operationalised through the clarification of concepts that are core to its thematic position. Therefore for the purpose of this study the following are concepts that need clarification and operationalisation in relation to the study context:

Mineral Beneficiation: The concept of mineral beneficiation is the key tool used as the mineral industrial concept to design an effective resource management strategy. According to the Department of Minerals and Energy (2009), mineral beneficiation involves the transformation of raw materials using capital and human resources to produce a finished product that has a value higher than that of the raw material (see also Department of Minerals and Energy, 2011). The full value chain which includes beneficiation also includes both upstream and downstream value addition. Upstream value addition refers to inputs into the mining sector while downstream

value addition involves large scale capital intensive activities such as smelting and refining as well as labour intensive activities such as craft jewellery and metal fabrication (Bonga, 2007). In this study, mineral beneficiation will refer to the extent to which the minerals that are mined within the identified mining communities acquire value that is beneficial to such communities.

Local Economic Development: Nel (1999) presents the definition of LED as “essentially a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area”. Thus LED seeks to address the hypothesis of an economic possibility of solving the problems of the underdevelopment of communities within this present global dispensation. This study will adopt the definition of LED as outlined and such will be operationalised in relation to communities that forms part of the study area.

Modernisation Theory: Modernisation theory is a description and explanation of the processes of transformation from traditional or underdeveloped societies to modern societies (Harrison, 1988). Modernisation theorists study the social, political, and cultural consequences of economic growth and the conditions that are important for industrialisation and economic growth to occur (Armer & Kastillis, 2001). Historically, modernisation is the process of change towards types of social, economic, and political systems that have developed (Eisenstadt, 1966). In general, modernisation theorists are concerned with economic growth within societies as indicated, for example, by measures of gross national product, mechanisation, mineral beneficiation, job growth, manufacturing, infrastructure development, technological development, are industrial ingredients in the process of economic growth.

Neo-liberalism: In theory, Neoliberalism is essentially about making trade between nations easier. It is about freer movement of goods, resources and enterprises in a bid to always find cheaper resources, to maximize profits and efficiency (Shah, 2010; Lopes, Carlos; Sachs, Ignacy; Dowbor, Ladislau 2010). The roots of neo-liberalism can be traced centuries back from 1776, when British economist Adam Smith published his book, *The Wealth of Nations* (Robbins, 2011; Campbell, Skinner and Smith, 1976). Smith, who some regard as the father of modern free market capitalism in his book, suggested that for maximum efficiency, all forms of government interventions in economic issues should be removed and that there should be no restrictions or tariffs on manufacturing and commerce within a nation for it to develop (Campbell, Skinner and Smith, 1976). This concept is based on principles such as trade liberalisation, and

liberalisation of foreign direct investment, privatisation of state enterprises, and deregulation (Strom, 2011). The concept will be applied in this study in relation to the context of its manifestation within the South African public administration practice landscape with examples of how it has surfaced in other developing states involved in mining.

1.7. LITERATURE SURVEY

In 1998, the South African parliament enacted the Mineral and Petroleum Resources Development Act in June 2002 (the MPRDA Act) and the Mineral Petroleum Resources Development Act 48 Amended Bill, 2013) which in itself defines the process of mineral industrialisation. The objective of this Act is to ensure that the mining industry successfully benefits its people. The mining industry should successfully benefit the people from which minerals are mined, and such benefits should be integrated into the rest of the economy through further processing before they are exported. Therefore, mineral industrialisation is the extensive organisation of an economy for the purpose of beneficiating minerals in order to promote local economic growth (Sheffrin, 2003). In positioning the study within the discourse of public administration, this literature survey looks at neoliberalism within the context of mineral industrialisation in order to assert the view that the frameworks that have reigned over the time were within such paradigm. The review further considers the applicability of such modern theories within local economic development with a view of drawing it closer to the phenomenal landscape of mining communities identified for the study. Mineral industrialisation is also drawn in relation to its manifestation within the South African context. Throughout the literature survey, the study is positioned and contextualised in relation to the discourse in general for justification.

1.7.1 Modernisation and mineral industrialisation

Governance of mineral resources beneficiation is operationalised through various theoretical frameworks informed by the dominant paradigms of the time. In public administration, such dominant paradigms are said to conform to a modern ontological framework (Farmer, 1999). Modernisation has been a dominant theory in the social sciences since the 1960s and draws on the biological sciences, which has since the last quarter of the 18th century, studied the growth and development of different species (Roxborough, 1988; Zapf, 2003). The biological metaphor was transferred to the social sciences wherein societies, political institutions,

economies were deemed to be growing organisms progressing according to an order natural to them (Roberts & Hite, 1999). It has been observed that modernisation theory has become the foundation stone of the evolutionary prescription for economic development (Sharmila, 2005) within social sciences like that of public administration practice in South Africa. Such trend has also found expression through, among other frameworks like the one of the most influential modernisation theorists, Walt Rostow (Mallick, 2005) who has outlined a series of five linear consecutive stages of which all countries must go through during the process of development (Bader, 2001).

Modernisation established the basics of industrial development thereby indirectly linked to sustainable economic growth. Modernisation in the intellectual sphere exhibits itself in the new awareness that it is possible to seek a rational explanation of physical and social phenomena (Przeworski & Limongi, 1997). This approach presumes that physical, social and psychological phenomena are law-governed, have regularities, uniformities, and could be modified or regulated by human reason (Poggie & Lynch, 1971). This rational attitude is the core process of modernisation and is derived from the enlightenment project of modern civilisation (After, 1968; Fox & Miller, 1995; Hacey, 1996; Svara, 2001; Cunningham & Weschler, 2002; Cameron, 2010; Nkuna & Sebola, 2014). Theorists of modernisation distinguish between traditional, transitional, and modernised societies. The foundational principles of modernisation are evident in some levels of the Rostow Model (Dube, 1988).

The modernisation theory offers conceptual tools and methods that help to understand the foundation stone of development (Black, 1976). According to sociologists and political scientists, modernisation theory posits that the social forces have a converging effect on promoting better understanding of the operations of the industrialisation at the LED level. That is modernisation views industrialisation as a process in motion perpetually transforming (Hall, 1992). To look at the mining economy, or areas in the local government economy, from a modernisation view point then would mean questioning how it evolves, and examining in detail how individual agents' behaviours together form some outcome and how this might in turn alter their behaviour as a result.

As indicated earlier, analysis of the modernisation process in the mining industry will be drawn from Jeffrey Sachs 3 stages of economic development which are the commercial stage, the industrial stage, and the knowledge based stage. Sachs stages of economic development are relevant to the mineral industrialisation perspective in the sense that every society is supposed

to go through some structure of development. These stages or transition periods happen at varying lengths from country to country and even from region to region (Roberts & Hite, 1999; Glavan, 2008). They are important in the sense that they foster economic self-reliance for the development of all sectors to bring about modernisation (Bader, 2001). Basically, theorisation of modernisation will attempt to bridge the divergent views by adding invaluable insights into mineral industrialisation and sustainable development in the South African local economic development sphere. It must also be stated that despite the attacks against the modernisation paradigmatic thinking, there have also been established success stories particularly in Southeast Asia, a group of countries, Singapore, Taiwan, South Korea, and the former British colony of Hong Kong came to be known as the “four dragons” after adopting the international trade approach (Shah, 2007). The proposed study hopes to apply the theoretical foundations of modernisation, through specified economic stages to analyse challenges of economic growth and development in the mineral sector at LED level.

1.7.2 Application of the modernisation theories to Local Economic Development (LED)

This study argues that modernisation theory, together can be successfully applied as an analytical tool in the social sciences like that of public administration practice in South Africa. Analysing modernisation, Huntington (1971, 300) concluded that it offers a more structured approach particularly through the stages of economic development. That is the economic development model entails a transformative and systemic process that can be legislatively integrated within municipalities for application and implementation of the LED best practice for mineral industrialisation (Nel, 2001; Meyer, 2006; Sebola, 2015). Local governments in South Africa are constitutionally mandated to promote the social and economic development of the local communities. The constitutional guarantee as provided for in section 152(c) of the Constitution of the Republic of 1996 that has been strengthened by the White Paper on Local Government of 1998, which formally introduced the concept of developmental local government serve as a premise on the extent to which various theoretical frames can be applied in this regard.

However, attaining this constitutional objective of economic development by local government is problematic. Particularly since the South African LED model is currently combatting the traditional model of economic development influenced by neo-liberalism (Nel & Goldman, 2006), and continues to promote the task and privilege of producing wealth to a small segment of the population or elites (Bond, 2006) and relies on the unlikely trickling-down effect to get to

the poor. That is, the neo-liberal postulation currently promotes globalisation and multinational corporations (Catenacci, 2003:26) at the expense of local economies.

Needless to say, the continuing dominance of neo-liberalism on specific economic policy prescriptions with respect to both trade and investment (Manuel, 2003), and the expansion of market forces within the domestic economy remains contentious. Some critics take issue, for example, with the neoliberal conceptual emphasis on the opening of developing countries to global markets, and/or with what they see as an excessive focus on strengthening the influence of domestic market forces, arguably at the expense of key functions of the state without any benefit at the local government level (Glavan, 2008; Mubangizi, 2008). The critique laid out in the World Bank's study *Economic Growth in the 1990s: Learning from a Decade of Reform* (2005) shows how far discussion has come from the original ideas of neo-liberalism (Rodrik, 2006; Boas & Jan-Morse, 2015). According to the afore-mentioned World Bank study, many Sub-Saharan African economies failed to take off during the 1990s, in spite of efforts in policy reform and changes in the political sphere that were geared towards enhancing Local Economic Development with continued heavy influx of foreign aid (Mutahaba, 1989; Nyamnjoh, 2012). Given the negative impact of neo-liberalism and the fact that LED is becoming an emerging reality in South Africa, a reconsideration frameworks in line with the mineral industrial context is necessary.

1.7.3 Mineral industrialisation and the Local Economic Developmental system in South Africa

South Africa's Local Economic Development System (LED) is an attempt that seeks to address the hypothesis of an economic possibility of solving problems of the under-development of communities within this present global dispensation (Nell & Binns, 2002). LED is tasked to promote mineral industrialisation through the implementation of the Mineral Petroleum Resources Development Act 48 of 2002 (MPRDA). LED according to the South African Constitution, Section 152 (c) must give priority to the basic needs of the community by promoting social and economic development, structure and manage its administrative processes that include legislative implementation of mineral industrial policies. LED is essentially a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area (Nel & McQuaid, 1999).

South Africa's application of the LED system, its unique nature as opposed to other African countries is that it is based on the fact that there is significant government endorsement for interventions with the wide spread of application within the country (Olowu & Wunsch, 2004; Nel, 2006). It also worth noting as well that there are constitutional safeguards and devolution of power to local governments that further bolster LED in South Africa. Consequently, the governments' free market thinking in a dominated neo-liberal era is at variance with LED policies, which has provoked debates on how to close the gap between the first and the second economy from a neo-liberal perspective.

Prescribing the neo-liberalism concept to date has not produced any significant effect on mineral industrialisation in most African countries including South Africa (Rogerson, 2000). Setting up municipalities as spheres of LED within the context of reconsideration of modernisation paradigmatic thinking, and implementing analysis based on complex economics may be considered as a way among others of dealing with the problematiques as they surface (Republic of South Africa, 2001). Instead the current LED process has raised more questions as to why, are localities unable to exploit their economic resources sufficiently to enable them overcome poverty at local level? And how tenable has the LED approach been in addressing mineral industrialisation as a poverty reduction method?

For this reason, the concept of modernisation is suited as an explanatory tool for the operations of the LED in a democratic South Africa. Indeed the LED process in South Africa embraces issues of policy and strategy whose application assumes particular forms related to modernisation. In his classic writing Karl Polanyi (1944) stresses on the unavoidable connection between markets, state intervention, and social relations. He states that, it is an unobtainable dream to talk of an economic growth system, which is void of social relations and state intervention (Polanyi, 1944). This could be seen in the case of South Africa where neo-liberalism cannot on its own devices be able to write-off the inequality or deep rooted poverty left behind by apartheid. Allowing the free market to operate on its own devices will disable LED's to maximize mineral beneficiation thereby perpetuating an environment where minorities continue to benefit enormously from inequities created by apartheid thus creating a situation where the rich will be richer and the poor poorer.

1.7.4 Neo-liberal policies

Neo-liberal policies have been applied for more than two decades in diverse contexts as Africa, Latin America and Asia, as well as in countries emerging from real socialism in Eastern Europe and Central Asia. According to United Nations Institute, the social impact of neo-liberal reforms became devastating for Sub-Saharan Africa, as they became not only became more dependent on their colonial masters through exporting raw materials and buying finished goods, but became more indebted. In the case of South Africa neo-liberalism has instead promoted the interests of big business (Carlos, 2011) and produced dysfunctional policies, such as the Growth, Employment and Redistribution (GEAR) strategy. Neoliberalism which dictated most of the solutions proposed by international financial organizations, began to be seriously questioned in twentieth century when a large number of emerging economies reduced their reliance on multilateral debt, and a number of other African countries began looking East to China for economic growth alternatives (Krugman, 2009). The recent economic global crisis of 2008 and 2009 also accelerated the process of reflection on the prescriptive nature of the policy proposals advocated by monetarists, with their insistence on a uniform view as if all situations were alike (Chang, 2010).

1.8 RESEARCH DESIGN AND METHODOLOGY

Due to the philosophical engagement of the study that is within the field of Public Administration with the inclination of various theories and ideas, it is considered appropriate not to adhere to a single design and methodology. Instead the study will adopt designs and methodologies that are mixed and complementary in form in order to capitalise on the advantages of each and extrapolating the best out of the combinations.

1.8.1 Research design

The research design adopted will be both qualitative and quantitative with biasness towards qualitative due to the philosophical and descriptive nature of the study. Quantitative research design refers to the systematic empirical investigation of social phenomena via statistical, mathematical or numerical data or computational techniques while qualitative research design aims to gather an in-depth understanding of human behaviour and the reasons that govern such behaviour (Creswell, 2008). The qualitative design will be more of the presentation of the theoretical frame adopted as

well as providing arguments that will lead towards the need of testing propositions that would have been made in relation to the sub-questions of the study. Furthermore, qualitative methodological design will assist in investigating the why and how of decision making, not just what, where, when (Denzin & Lincoln, 2005). This technique will be useful as well during the fieldwork as one can engage in participant observation of the mining stakeholders, note taking, field and structured or semi-structured interviews that could take place in the identified mining communities.

The quantitative design will be adopted during the interpretation of statistical information as well as presentation of data in complementing the qualitative bias. That will also be informed by the stage within the phases of the study as well as the kind of data that will be required and the nature of the objective being pursued. The use of quantitative research design as complementary to qualitative research design will be more of attempting to deduce explanations that can assist in drawing qualitative conclusions within the public policy implementation arena like that of mineral industrialisation within local economic development in South Africa. Such biasness towards qualitative design is also informed by the phenomenological state of the reality being observed with emphasis that the field in which the study is conducted is Public Administration.

1.8.2. Research methods

The theoretical frame adopted for the study as well as the nature of the problem have dictated the type of research methods to be utilised. The study will use much of secondary data literature obtained from books, articles, policy documents, reports, speeches, media reports and other publication media houses to lay a foundation of the theoretical position adopted as articulating on the ideals considered for scholastic debate. To engage with primary data, the study will use interviews, focus groups, questionnaires and conference engagements to collate the empirical position of the phenomenon being observed.

1.8.3 Area of study

Due to the continental challenges in maximising mineral resource growth, the proposed study will assess the ASA Metals Chrome community and Burgersfort town found within Greater Tubatse Local Municipality, Limpopo Province. ASA Metals is located in conjunction with the four villages where quantitative fieldwork was undertaken which are: Legabeng, Maroga-Phalatseng, Mooihoek and Mekgabeng. The ASA mine location is significantly sited on the eastern rim of the lucrative Bushveld Igneous Complex (BIC). It is reported that approximately 83% of the world's currently mineable ore reserves are found in the BIC. East Asia Metals

Investment (EAMI) is a 100% subsidiary of Sinosteel Corporation in Beijing. EAMI owns a 60% stake in ASA Metals with the Limpopo Economic Development Enterprise (LimDev) retaining 40% (Radebe, 2013).

This mining partnership over ASA-Metal was facilitated by both the governments of China and South Africa in the year 2000. The Sino Steel head office which is currently based in Johannesburg basically became the significant shareholder of ASA Metal. The ASA Metal investment enabled the mine to establish its own smelters. Through vertical integration of smelting and mining, creating an opportunity for the mine to compete more effectively in local and international markets (Seccombe, 2016). Over the years, the mine produced approximately 420 000 tons of raw chromite annually which is transformed into 320 000 tons of chromite ore for export (Lanham, 2005; Seccombe, 2008; Kolver, 2008,). The smelting process was a marginal beneficiation to raw chrome, but few new jobs were created in the process though real value-add remains in the Chinese market where chrome is used in making stainless steel (Lanham, 2005; Kolver, 2008).

Since February, 2016 to date, the mine is undergone a business-rescue process. The business-rescue practitioner has placed ASA Metals' assets into care and maintenance or rent out those assets to generate income and preserve them. The rescue plan does not preclude the mine from being operational again. It probably will become operational as a different company. The current state of ASA Metals is not good news for Burgersfort as the various villages there have a lot of social challenges that have to be addressed in order for local government to thrive. Socially, there is still a lot to be done as approximately 82% of the community aged 20 and above does not have higher education (Statistics South Africa, 2011). Furthermore, less than 36% of individuals aged 20 and above achieved a Matric making skilled labour a challenge for community development (Statistics South Africa, 2011). Besides low levels of education, Burgersfort still has social challenges in terms of service delivery demonstrated by formal dwellings at 54%, flush toilets connected to sewage at 55.5%, weekly refuse removal at 56.6% and electricity for lighting at 54.2% (Statistics South Africa, 2011). The research setting, and its significance in testing the MPRDA is therefore relevant given the structure and environment surrounding Burgersfort.

1.8.4. Research population

A research population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Berg, 2007). This research will focus on specific and general members of the mining community in Burgersfort town within Greater Tubatse Local Municipality, Limpopo Province. Burgersfort town, (the urban main place) according to the 2011 census undertaken has a population of 6,369. The city itself is 28.099 km² (Brinkoff, 2013). General members of the community will include, mine workers, and families. This identification therefore makes the population to have various strata in that it is not homogenous. Those categories will therefore be recognised as a stratum in complementing the general population (Sampath, 2005: 85). Specific members will consist of government representatives, mine management, local government officials and community members.

1.8.5 Sampling method

A sample is a subset of the population in which case the subset will directly consist of the mines and mining communities (Black, 1999). Nonprobability sampling where the respondents are not aware of being selected as subjects (Punch, 2005) as well as purposive and Snowball sampling will be applied in relation to the population strata as reflected in the study population. Two sampling processes were used for the data collection which were qualitative and quantitative. Purposive Sampling was applied during semi-structured interviews, while the random sampling was implemented through questionnaires. Purposive Sampling is usually designed towards a specific group of people (Leedy, 1997) which in this case was the mining management, the local economic development (LED) unit within the municipality, the Local Economic Development Agency (LEDA) tasked to oversee mining development and economic growth, community representatives, and Department of Mineral Resources (DMR) responsible for legislative oversight, and community representatives. To ensure representation of the population, a random sampling was established through a distribution of 100 questionnaire per village, in 4 villages, which eventually summed the total sample to 400 randomly sampled respondents.

1.8.6. Data collection method

Data collection methods are an integral part of the research design. These study's research design consist of preliminary data gathering through literature survey, fieldwork surveys purposive sampling, and direct observation of specific mining areas in identified mining

communities. Direct observation requires the researcher to be in the field or present in the natural settings where the phenomenon under study take place. This will enable the researcher to understand about the participants' lives and their perceptions concerning the phenomenon under study. Fieldwork will be undertaken in Burgersfort. This technique does not rely on what people say but draws on the direct evidence of an eye witness observing events first hand. It is based on the assumption that in many cases it is best to observe the actual situation (Sekaran, 2003). Direct observation is the crux of this research in determining the challenges and prospects of effective mineral industrialisation at the LED level. Other data collection methods will include interviews, that will be face to face, survey questionnaires that will be personally administered, and observation of individuals and events. Data collection methods, particularly the surveys will be implemented. Surveys are useful and powerful in finding answers to research questions through data collection (Sekaran, 2003). The socio-economic data will be correlated with the levels of mineral beneficiation through the economic Growth Model in order to assess the level of implementation of the MPRDA for mineral industrialisation.

1.8.7. Data analysis

In data analysis, there are three objectives being that of getting a feel for the data, testing the goodness of the data, and testing the hypotheses or propositions developed for the research (Sekaran, 2003). A feel of the data will be established by determining issues such as the level of coding and entering data. A determination of the data that will be captured with the economic growth Model relating to both socioeconomic factors and aspects relating to mineral industrialisation will be performed. The results from this analysis could then be compared to data obtained from the review of literature and the discussions with stakeholders.

1.8.8 Study validity and reliability

The proposed study will apply conceptions that are constant within the discourse of public administration and have formed part of the debate internationally. Modernisation theory is part of the ongoing discourse within the circles of policy and development in general as such that validate the study within the field in terms of content. The research designs, methods and techniques adopted for the proposed study are appropriate, credible for application in the field of public administration and that in essence will assure the reliability on the study in general. To ensure methodological reliability, the study will also capitalise on sample stratification as outlined for representation of the population being studied. The study will also ensure that pilot

testing is implemented to ensure that the respondents not only understand the language but the questions are framed appropriately.

1.9. SIGNIFICANCE OF THE STUDY

South Africa's local economic development is becoming more integrated into the world economy thereby making knowledge production on mineral industrialisation essential. Implementation of neoliberalism is at the core of the discourse about appropriateness, feasibility, and practicability of the mining industrialisation at the local government level (Lisk, Besada & Martin, 2013) so as well within the context of Local Economic Development (LED) in mining communities. Given the underlying shifts that are occurring within South Africa's natural resources sector, it is imperative to measure the country's local economic development model for mining, and the impact of the MPRDA, by linking it with theoretical frameworks that are relevant. The introduction of frameworks like that of the neo-liberalism have proved not to have been successfully respondent in relation to the enhancement of development within developing countries, based on various interpretations existing globally (Manuel, 2003).

In Africa, the panoply of reforms subsumed under the conception has been useful as a guide to economic policymaking with the main focus on fiscal discipline and privatisation, even though it has proved difficult for most African countries to pursue all of proposed actions (Glavan, 2008; Mubangizi, 2008). Such difficulty as experienced by other African states to realise the neoliberal theory reflects on its status in reality especially in countries that are rich in mineral resources like South Africa. But the failure of the universal holistic approach for implementation of neoliberalism is symptomatic of the problem that this study intends to investigate its source being that of modern paradigmatic stance in dealing with complex interventions like that of mineral resource beneficiation (Henrard, 2002).

1.10. ETHICAL CONSIDERATIONS

During the past several decades, methods of data collection, organisation, and analysis have become more sophisticated and penetrating. As a consequence, the extent, or scope of research has greatly expanded. With this expansion has come increased awareness and concern over the ethics of research and researchers (Berg, 2007). Over the past decade, changing social attitudes about research as well as changing legislation have led professional institutions to create research codes of conduct. The University of Limpopo has a Research

Code of Ethics and Integrity support system designed to provide an enabling framework which will be applied in this research.

1.11 CHAPTER OUTLINE

The research report will be structured in the following manner:-

Chapter 1: This chapter will provide the introduction, statement of the problem, aim of the study, objectives, research questions, definition of concepts, research methodology and ethical considerations.

Chapter 2: This study will provide the theoretical perspectives that underpin the study. The modernisation theory will be analysed in the context of legislative implementation of the MPRDA to grow local economic development in rural mining communities

Chapter 3: The chapter will provide an analysis on the neoliberal framework. It will look at the theory of neoliberalism, its implementation and impact on South Africa's economic growth and development, with a focus on the mining sector.

Chapter 4: This chapter will provide the Local Economic Development framework and its application in rural mining communities. The impact of MPRDA on LED in rural mining communities with reference to the compliance of legislative instruments such as the Black Economic Empowerment (BEE) will be examined against the backdrop of historical aspects such as rural typologies.

Chapter 5: This chapter will provide information on the research methodology, addressing the study area, population, sample selection method and size, data collection methods, ethical considerations and the significance of the study

Chapter 6: A presentation and analysis of the research findings will be done in this chapter

Chapter 7: This chapter will be on recommendations and conclusion regarding the impact of the MPRDA in promoting local economic growth in rural mining communities.

CHAPTER 2

THE MODERNISATION THEORY AND MINERAL INDUSTRIALISATION IN SOUTH AFRICA

2.1 INTRODUCTION

This chapter reviews the theory of modernisation, and its relevance to mineral industrialisation in South Africa. The chapter sets the scene by linking the modernization theory to the implementation challenges facing the Mineral Petroleum Resources Development Act 48 of 2002 (MPRDA), and industrial development in South Africa. The review of this theory is necessary to demonstrate the negative impact of the neo-liberal theory applied by the South African government on mineral beneficiation to the local communities.

The central claim of the modernisation theory, from Karl Marx and Max Weber to Daniel Bell, is that economic, cultural and political changes go together in coherent patterns that change in predictable ways_(Cowen and Shenton 1996; Inglehart, 1997; Ment 2005). The modernisation concept is a basic driving power of economic growth. The modernisation theory is usually associated with industrial development which is demonstrated through global cities that have rapidly grown as economic and cultural centers, and new technologies have transformed almost every aspect of life (Berger, 2003). In fact, modernisation has promoted a global revolution and competition in the economic field (Brohman, 1995; Ment 2005; Lopes, 2011).

Modernisation theory emerged in the wake of the Second World War as a development theory, which had state-led Keynesian economic principles at its heart. The concept drew on Keynesian economics with state regulated development seen as ideal. According to Keynes, the objective of state intervention is to compliment the market forces in achieving a high level of economic activity and full employment making industrial processes more productive, harmonious and suitable (Keynes, 1936; Cooper, 1997). Keynesian economists justify government intervention through public policies that aim to achieve full employment and price stability (Sarwat, Mahmoud, and Papageorgiou, 2014). Government serving as a driving force requires purposive state intervention as subscribed by modernization. The fact is selective state intervention as well as functional state interventions have played vital roles in the industrial and technological development of the most dynamic economies in the West, and developing countries such as China and Singapore.

The western world believed that purposive state intervention process in the modernisation theory would not only be the solution to reconstruct war torn European economies in the post-World War I period, but also to facilitate developing economies at to a western standard (Bussman, nd; Radalet, 2008). One of the most influential modernisation theorists is Walt Rostow who outlined a series of five linear consecutive stages of which all countries must go through during the process of development. These stages included traditional society, the pre-conditions for take-off, the take-off, the drive to maturity, and the age of high mass-consumption (Mallick, 2005). However, in the 1980's the world underwent a new economic model indoctrination labelled neo-liberalism. The state development model of modernization was perceived as more of a problem than a solution. Moreover, due to the negative outcomes of structural adjustment programs which were linked to neoliberalism, and the 2008 global economic financial crisis, the questioning of neo-liberalism has taken center stage, and according to various economists, the modernization theory was re-emerged in scholarship (Bussman, nd, 3; Radalet, 2008; Engel, 2010).

While the modernisation theory is applied in this thesis, it is critical to note that the Walt Rostow linear model will not be applied in this study. Instead, the stages of economic development in this chapter will be drawn from Jeffrey Sachs there (3) stages which are the commercial stage, the industrial stage, and the services stage. There are strong similarities in Sachs three stages, and Walt Rostow's five (5) stages which are: traditional society, the pre-conditions for the take-off, the drive to maturity, and the age of high mass consumption. The key difference with Sachs economic model is in the language of transformation, deletion of the traditional stage, and the belief that changes could also occur which applies to the South Africa case. It is also important to emphasize that the Sachs economic stages will not be applied in a linear process. On the next section, this chapter will therefore focus on the following: (i) The context of modernization, (ii) Criticism against modernization (iii) Relationship between modernisation theory and neoliberalism (vi) relevance of the modernisation to the South Africa context (v) South African Mining and the MPRDA Act of 2002, and (vi) Assessing the impact of the MPRDA and the modernisation theory.

2.2. THE CONTEXT OF MODERNISATION

Modernisation theory pre-supposes a combination of market and state initiatives. Notably, the transfer of part of the export surplus in non-export activities; the quantitative growth, and qualitative deepening, of national markets; and state action not least methods of funding the state, and the direction of government expenditure (Lewis, 1995; Bulmer-Thomas, 2003; Bértola & Williamson 2003). Modernisation is also a process of socio-cultural, economic and political transformation. It is a thorough ongoing process of change involving values, norms, institutions and structures (Meier, 1989; Hoogvelt, 2001). The diffusion of scientific and technical knowledge by modern educational institutions can help in the creation of skilled manpower to play the occupational roles demanded by the industrial economy (Meier, 1989; Huntington, 1976). Thus education can also be an important means of the modernisation concept (Tipps, 1973; Kruger, 2008).

Typically, modernisation requires a shift from traditional to modern society. Modernisation theorists saw traditionalism and modernity as two poles, and in zero-sum relationship with one another (Berger, 2003; Ment, 2005; Calvert & Calvert, 2007; Lewis, 2008). There are various paradigm shifts or transformation within modernization. During the twentieth century, the two-sector (traditional vs industrial) model vividly identified the industrial sector as the model of growth and development for the developing world (Grinpun, 2003; Saidul, 2009). Industrialization is the process of social and economic change that transforms a human group from an agrarian society into an industrial one. It is a part of a wider modernization process, where social change and economic development are closely related with technological innovation, particularly with the development of large-scale energy and metallurgy production (Cowen and Shenton 1996; Hoogvelt, 2001; Sullivan and Sheffrin, 2003).

It is important to note that modernization has over the years been hastened by globalization- as the world has become integrated on many levels politically, economically, and socially (Sullivan and Sheffrin, 2003; Engel, 2010). Modernization has been able to spread across borders through the fact that it has encouraged the development of a global economy that focuses greatly on better utilisation of resources, and means of production, and technology which are major contributors to social change (Tipps, 1973; Brohman, 1995; Lewis, 2008). The introduction of new technologies forces people to adopt to them thus promoting social change, secularization of societies which in turn contributes to modernization by the fact that people

become more welcoming to change and usage of more modern resources available to them (Hoogvelt, 2001; Rist, 2002; Lewis, 2008). An example is the use of cell phone technology which has grown significantly in Africa. There is no disputing the fact that the cell phone industry is a tool that has advanced modernization at several levels such as social media, cell phone banking, and tele-medicine.

Other developments such as new data technology and the need to update traditional methods in transport, communication and production, is argued to make modernization theory necessary in promoting industrialization, or at least preferable to the status quo (Brohman, 1995; Badeer, 2001; Ment 2005;). This view makes critique of modernization difficult, since it implies that such developments control the limits of human interaction, and not vice versa (Brohman, 1995). It also implies that human agency controls the speed and severity of modernisation. Supposedly, instead of being dominated by tradition, societies undergoing the process of industrialization typically arrive at forms of governance dictated by abstract principles (Brohman, 1995; Berger, 2003; Ment, 2005; Shutt, 2010; Mason, 2015).

Modernization as a theory also looks at the domestic factors of a country with the assumption that, developing countries can be brought to development in using the same methods that more developed countries used (Hoogvelt, 2001; Williamson, 2003). In examining domestic factors, the theory focuses on the social elements which facilitate social progress and development of societies, and further aims to explain the process of social evolution (Rist, 2002; Grinpun, 2003). Furthermore, it looks at internal functions of a society while referring to social and cultural structures and the adaptation of new ways of living. This is because internal situations in societies greatly affect the processes of modernization (Brohman, 1995; Bértola & Williamson 2003; Mason, 2015). For example, a country in which favorites are rewarded and governmental corruption is rampant hampers the state's ability to effectively progress in terms of modernization. This negatively affects the state's economic development and productivity and eventually results in the country's money and resources to flow out to other countries with more favorable investment environments (Grinpun, 2003; Williamson, 2003; Ment, 2005). Such mechanisms slow the process of modernization and as a result the country falls into internal conflicts so as to aid the process of modernization due to scarcity of resources (Author Unknown, nd; 1; Cowen and Shenton 1996; Ment 2005)

Finally, the context of the modernization theory has also been viewed as a process that posits democracy as an outcome, raising the questions as to whether economic development is the

precondition for democracy? Vice versa, is democracy also the precondition for economic development? Modernizationists, such as Seymour Lipset have argued that economic growth leads to democracy, in other words, “development first, and democracy later” (Lipset, 1959). Then, there are scholars who instead support “democracy first, development later,” such as Joseph Siegle, Michael Weinstein, and Morton Halperin, who argue that democracies consistently outperform non-democracies on most indicators of economic and social well-being, so that promoting democracy should be prior to expanding economic development in developing nations (Siegle, Weinstein, and Halperin, 2005). Scholars such as Samuel Huntington on the other hand, propose an alternative explanation of the development of democracy from the perspective of “process” arguing that the outcome of economic development would lead to political decay; then the political system under instability would move toward democracy through and after institutionalisation (Huntington, 1968). It is important to clarify that modernisation is a western concept that became prominent during the Cold War era hence the debates as to whether Africa could modernise democratically or economically first.

Nevertheless, most of the Asian economies such as China and Indonesia have modernised significantly without being democracies. Therefore, this thesis would prefer to apply the Lipset’s view of economic growth first and democracy later. Given South Africa’s status as a country which has transitioned from an apartheid system to a democratic society complete with the necessary institutions and legislative instruments, this thesis argues that democracy in South Africa without economic growth will not succeed due to its vast social inequalities. South Africa currently has a high unemployment rate which currently ranks at 26.7% (Bond, 2005; Statistics South Africa, 2016). Moreover, the country is rapidly de-industrialising as a natural resource economy. All these afore-mentioned factors, place South Africa’s democratic institutions under socio- economic and political threat. Be that as it may, this thesis is not preoccupied with the question as to whether democracy should precede economic growth but how capitalism which has already permeated South Africa’s governance system can be better utilised through the modernization theory. In addressing relevance of the modernisation theory it is necessary to also unpack criticism directed towards this concept which will be addressed in the next section.

2.3. CRITICISM AGAINST MODERNISATION THEORY

The concept of modernisation incorporates the full spectrum of the transition and drastic transformation that a traditional society has to undergo in order to become modern (Hussain, 1981, Lenin, 1964). However some critics argue that modernisation was a movement, by which Britain and America aimed to introduce their type of polity, economy and culture in the Asian and African countries in order to prevent communist insurrection (Khor, 2001; Hoogvelt, 2001). The critics further maintain that the modernisation theory was based on the presumption that since western countries were considerably more developed there were practically no other existing alternatives until the Chinese changed the world economic order (Khor, 2001; Lefebvre, 2003; Grinpun, 2003).

A key aspect of the modernization concept which was highly criticized by various scholars was the Walt Rostow model applied by the West in developing countries the Cold War period (Albert, and Hahnel, 1981; Hunt, 1989; Meir, 1989). The Walt Rostow model as already indicated consisted of five development phases: Traditional society, which is the agricultural economy of mainly subsistence farming, Preconditions for Take-off where agriculture becomes more mechanised and external funding is required, Take-off stage is when the manufacturing industry becomes dominant with a dual economy in rising productivity, Drive to Maturity is when the industry becomes more diverse accompanied by technological growth and less dependence, and Age of High mass consumption which is enable by increased consumer expenditure (Rostow, 1960) which were linear based. The criticism that the West used the modernization concept as a political-economic tool in developing countries during the Cold War while it is probably true does not mean that the theory itself does not work (Hoogvelt, 2001; Liisa and Cameron, 2003) Notwithstanding that neoliberalism took over as the key theory for application by key western institutions such as the World Bank. In fact some scholars argue that modernisation theory has been developing for over a century before it was packaged through the Rostow linear model.

Given its political and economic linkages to the West, there were valid criticisms that the Rostow model not only adopted a unilinear evolutionary perspective on social change, but defining less developed countries as being at an earlier stage of development, and assuming that these traditional societies would undergo the same type of nation-building as those undergone by more developed countries was not practical (Mishra, 2010; Bussnet, nd: 1). Rostows views

were not plausible particularly during the 1960's when many countries were still former Europe's colonies that had been brought into the capitalist economic system as dependencies during the colonial period (Spybey, 1991). The decolonization process ensured that most developing countries export their raw materials to their former colonial masters, making it difficult for them to engage in any state-led Keynesian economic principles which are the heart of modernization. Furthermore, most developing countries were also battling with Post-Cold War effects, and intra- interstate conflict making it difficult to focus on bread and butter issues of economics.

Therefore, in regards to the unilinear evolutionary debate, this thesis concurs with most of the critics that implementing the Rostow Linear model as is, cannot not be a one size fit all for 21st century development. Suffice to say, there is little evidence to support the claim that all countries will develop to the same level economically, let alone socially or politically. Seeing history as a linear process, as Fukuyama did in 1989 when he pronounced the triumph of liberal-democracy, capitalism and 'the end of history' after the fall of communism, is deeply flawed (Linklater 2010; Dunn, 2013). It is also important to note that the state challenges that affected most of the developing countries in the 1960's do not apply to South Africa as it has been a stable democracy over the past 23 years. Of significance is that, the application of the modernisation process including Sachs economic stages should be applied horizontally with South African unique characteristics.

Furthermore, the horizontal description of economic development presented by Sachs should not really be thought of literally as a sequence, although it is helpful to think of how challenges vary at different stages. Horizontal economic transitions can all take place simultaneously within the same country. In the case of South Africa, several economic activities are taking place simultaneously. While in other places in the country, technological innovations are happening as South Africa has become productive in the services industry (Sachs, 2005; Mishra, 2010; Mason, 2015). There is a great deal of industrialisation such as Gautrain, the mass rapid transit railway system. On the other hand, despite the afore-mentioned industrial achievement, there are still some rural villages in the pre-commercial phase which are largely disconnected from the any form of rapid rail transport or infrastructure. South Africa is too diverse and sizeably large for the entire country to be at just one level of development,

Modernization theorists believe that nations such as South Africa advance to modernity at different paces depending on their adaptability and versatility (Li, 2002; Green, 2008). There is

a great element of truth in the afore-mentioned idea. China's rapid rise to becoming the world's second economy through implementing the same principles of stages, agricultural development to an industrial society is proof that copying and pasting any development model without tailoring it to suit a country's domestic needs is a futile exercise. In fact, to date there is no evidence linking Sach's stages to the required or continued exporting of natural resources to Western countries. It was not the modernisation theory that promoted de-industrialisation of mineral resources but exploitation of resources by the West. If anything, the Sach's stages if tailored to the South African context will promote economic development which would in turn promote independence from the West.

Another criticism of the modernisation theory is its oversimplified view of social change (Coetzee, 2007: Johannson, 2009). Human nature the critics argue has a propensity to resist change in favour of the status quo, being the traditional way of doing things, or resisting Western influences. This view that human nature has a propensity to resist change in favour of the status quo which would be the traditional way of living is a very flawed approach. The assumption is that Africans would prefer to remain living in the 18th century life style and not become part of the globalized community. The level of migration from Africa to the West negates this view that African's do not aspire the trappings of globalisation. In fact, 21st Century migration from African countries to the West in pursuit of modernised living has reached unprecedented levels. While some international migrants are typically political, a large number of them are also economic which demonstrates the desire for industrialised life styles.

Another view that human nature would resist modernization due to potential on euro-centric influence is not necessarily correct. This second view is espoused by scholars such as Eisenstadt. According to Eisenstadt (1966:10) modernisation is the process of change toward those types of social, economic and political systems that have developed in Western Europe and North America from the seventeenth century to the nineteenth and have then spread to other European countries and in the nineteenth and twentieth centuries to the South American, Asian and African Continents.

Deutsch (1961: 500) however, presents a different view of modernisation which counteracts Eisenstadt. Deutsch, (1961:500) states that modernisation means the replacement of old social institutions embodying archaic restraints by new institutions that will facilitate optimal deployment of resources under modern technology. Presumably, what replaces the old social

institutions do not have to be western derived institutions and artefacts as is portrayed by most modernisation studies. If this interpretation of Deutsch is accepted, it will make his views similar to that of Schumpeter (1934:15) who has argued that development does not arise from response to external change: “By development, therefore we shall understand only such changes in economic life as are not forced upon it from without but arise by its initiative, from within” (Schumpeter 1934). A fusion of both Deutsch and Schumpeter results in the kind of definition that views modernisation as the ability to adapt, or process of change towards the types of social, economic and political systems that will enable a society solve the problems it faces in an ever changing world. In other words, change from old to new ways that are more functional to the society. One thing is subsumed in this definition which this thesis argues, there is probably no “one way”, Western way, Chinese way, or South African way to apply modernisation. Therefore, it is possible for a country to carve out its own unique route to modernisation (Abumere, 1981; Scheickart, 2002; Mishra, 2010).

2.4. RELATIONSHIP BETWEEN MODERNISATION THEORY AND NEO-LIBERALISM

There are crucial differences between the neo-liberalism concept and the modernisation theory. The post war modernisation theorists argued that modernising states would impose social levelling, promote high quality public education, sponsor industrial research, and intervene regularly to direct the economy (Khor, 2001; Lefeber, 2003; Awoonor, 2006). By contrast, neoliberals disregarded welfare guarantees, and viewed raw economic productivity, as the basis for the American victory in the Cold War, and the cause of the US emergence as the unique global hyper power (Khor, 2001; Mishra, 2010; Mason, 2015). Economic productivity, neoliberalists maintained was the result of deregulation, which has allowed corporations and nations to realize their full economic potential. Whereas modernisation considered the state as the vehicle for realising modernity, and development was equated with the penetration of the state into the social order, neo-liberals suggested that free markets lead to modernity (Zakaria, 2003; Awoonor, 2006; Green, 2008).

Suffice to say, the neo-liberal paradigm shift occurred during the mid and late 20th century. Neo-liberalism was designed, pushed and implemented by some of the biggest and most powerful institutions in the world like the International Monetary Fund (IMF) and the World Bank (WB) (Lefeber 2003; Zakaria, 2003). The structural adjustment and trade liberalisation policies dictated by the IMF replaced the focus on state directed heavy industrial production pushed by

modernization in the 1960's. Development under neo-liberalism became synonymous with the penetration of market forces into an economy; getting the institutions right was the mantra of the new orthodoxy (Lefebvre, 2003; Zapf, 2004; Linklater, 2008). The current vision of modernity promoted by the neoliberal elite jettisoned the old postwar modernization idea of a state led economy of which union and corporate leaders would collaborate to set policy and production of goals (Zapf, 2004; Awoonor, 2006; Green, 2008). Given that this thesis is designed to assess the impact of South African mining at an LED level, the following sections will discuss relevance of the modernisation theory to the South African context, followed by discussions on South African mining and the MPRDA, and the MPRDA and the modernisation theory.

2.5 RELEVANCE OF THE MODERNISATION THEORY TO THE SOUTH AFRICAN CONTEXT

Based on the previous discussions on the modernization theory, it is clear that the concept dictates different meanings in different contexts. More specifically, in the economic sphere, modernisation means specialisation of economic activities and occupational roles and the growth of markets. In terms of socio-spatial organisation, modernisation means urbanisation, mobility, flexibility, and the spread of education (Rist, 2002; Grinpun, 2003; Saidul, 2009). In the political sphere, modernisation means the spread of democracy and the weakening of traditional elites. In the cultural sphere, modernisation means growing differentiation between the various cultural and value systems, secularization, and the emergence of a new intelligentsia (Albert and Robin, 1981; Stilwell, 2002; Chaudhary, 2013). Given how the modernisation theory has developed, and its various dictates, it is critical to identify that it is an evolving school of thought which makes it possible to configure it to meet South Africa's dynamics (Sekhampu, 2010). As Matunhu (2011: 65-68) states that according to modernity, policies such as the MPRDA ACT of 2002 intended to raise the standard of living of the poor often consist of efficient techniques of production. In this case the modernisation process would involve the ability of South Africa to not only extract, and refine minerals, but process and produce the final product by using the skills, capital, and technology developed within the country. In essence, production of the final good would promote mineral beneficiation which results in job creation and industrialization. Needless to say, South Africa as a resource rich country, if it focused on beneficiation as an avenue to improve economic growth would extend the returns from mining activity to a broader segment of municipalities.

The modernisation theory is also relevant for South Africa due to its current stage of development. It must be noted that with regards to Sachs stages of economic development, South Africa surpassed the pre-commercial stage through mineral industrialization. South Africa's transformation from an agricultural domain to some level of industrialisation, already began in the Witwatersrand basin in the late 19th century. The discovery of the Witwatersrand goldfields in 1886 presaged the emergence of the modern South African industrial state (Government Communication and Information System, 2012). Given South Africa's level of industrialization, and level of mining resources, of significance would be for the government to structure the modernisation theory to suit its current domestic LED factors in conjunction with implementation of the MPRDA.

A discussion of the South African mining industry at local government level is not complete without looking at the political history of the sector and the subsequent power relationships between the mining corporations, government and communities. This next section will expand on South African mining and the MPRDA ACT, 48 of 2002.

2.6. SOUTH AFRICAN MINING AND THE MPRDA ACT, 2002

Mining in South Africa dates back thousands of years as the gold trade created a link to the Persian Gulf and Arabian Peninsula (Bexter, 2013). However, it was not until the mid-nineteenth century, with the arrival of the British, that the serious exploitation of valuable gold resources began (Jones, 1999). In the late 1800s the combination of the discovery of the Witwatersrand Goldfields and the 21 carat Eureka diamond propelled a massive influx of fortune seekers and exploitation of valuable minerals on an enormous scale that would catapult South Africa to the threshold of global mining prominence (Jones, 1999; Solomon, 2013). The discovery of both gold and diamonds led to the rapid development of infrastructure and overall industrialisation of the country, making South Africa by far the most developed country in Sub-Saharan Africa.

According to Mbendi (2007; 1) to gain a better understanding of the political history of the sector we should look at the history of migration in the mining industry. Schoofs (2000, 2) argues that the scale of mining explains why the draconian system of migrant labour was imposed and in turn paved the way for apartheid. To maintain profitability, the mining industry required cheap labour and consequently looked outside its borders (Schoofs, 2000; Crush, Williams, and Peberdy, 2005; Cronje and Chenga, 2009). Cronje and Chenga (2009, 420) argue that white

labourers who were imported for their mining skills and experience shortly after the discovery of gold in 1886 saw blacks as a threat to their relatively high wages. To combat this threat, the white unions, among other things, forced the industry and then the government to adopt the 'colour bar', banning blacks from skilled jobs and preventing black workers and their families from settling permanently in mining towns (Schoof, 2000; Cronje and Chenga, 2009; Mitchell, 2013).

By the end of the 19th Century the mining conglomerates (mining houses) developed the core of South Africa's economy, the Minerals Energy Complex or (MEC). Viewed as a set of economic sub-sectors, the MEC consists of mining, certain subsectors of manufacturing which are closely linked to mining and which are particularly energy-intensive, the electricity sector and the transport and storage sector (De Jager, Minnie, Welgemoed, Bessant, and Francis, 2003). Basically, since World War II the MEC dominated South Africa's economy and was by far the largest contributor to the country's GDP, exports, capital formation and employment (Maltherbe, 2000; Mitchell, 2013). Due to its economic clout the MEC had and continues to maintain a great influence on all aspects of South Africa's society in social, political and economic terms. However, the structure of mineral law in South Africa has always been complicated and remains heavily influenced by the racial injustices of apartheid. Historically, the rights to minerals in South Africa fell under the ambit of property law which supported the common law principle that the landowner owned everything above and below the surface (Cronje and Chenga, 2009). The idea of minerals vesting in the state became evident as early as 1871, when the right to move precious metals and stones was required by the state (Caewood and Minnitt, 1998; Lawson-Rema, 2012). Many Black owned communities who lived on mineral rich land did not even have the basic claim to minerals since they could not be owners of land under Apartheid evidenced through the Land Act 27 of 1913, and the Trust and Land Act 18 of 1936 (Maltherbe, 2000; De Jager, Minnie, Welgemoed, Bessant, and Francis, 2003). Furthermore, the Mining Act 20 of 1967 separated different categories of land by which mineral and surface rights were acquired: private land, state land, alienated land, proclaimed land, and trust in tribal land (Caewood and Minnitt, 1998). The independent homelands were empowered to adopt their own laws in respect of minerals and land. This has resulted in many conflicting mineral systems within the country (Mossert, 2012; Mitchell, 2013).

In September 1990 the African National Congress (ANC's) Department of Economic Policy issued a discussion document on economic policy (ANC, 2012). Taking its stand from the

Freedom Charter, the document emphasised redistribution and the intervention of the state, and called for the reconstruction and the restructuring of the South African economy. The document proposed significant roles for both the market and the state in the development of economic policy and stated as follows:

The ANC's basic perspective is that of a mixed economy in which all sectors contribute towards defining and achieving national goals and objectives for the benefit of all" (ANC, 2012).

Of particular importance was the proposal to restructure the economy through policy implementation of growth through redistribution (ANC, 2012). This proposal was predicated on the central policy idea that the state needed to boost demand, primarily by ensuring that greater amounts of income would be received by the poorer section of the population, which in turn would stimulate output and hence economic growth. However, due to the backlash from the business community opposed to redistribution, the ANC became inclined towards the neo-liberal approach.

The 1990 economic document was followed by the Mineral and Petroleum Resources Development Act of June 2002 (the MPRDA or the 'Act') which was implemented by South Africa's first democratic government in post 1994. The MPRDA Act developed a new mineral regulatory framework to address the apartheid government's past exclusionary practices against black South Africans, which were effected across all sectors of the economy, not least the mining industry, with its terrible history of migrant labour, unsafe working conditions, labour repression and economic exclusion through mineral beneficiation (Maltherbe, 2000; Mossert, 2012). The objective of this Act was to ensure that the mining industry successfully benefits its people, that industrial growth and sustainable development should succeed through mineral beneficiation, and that the minerals mined should be integrated into the rest of the economy through further processing before they are exported (Mossert, 2012; Mitchell, 2013). Passed by parliament in 2002 and put in force in 2004, the MPRDA overturned the common law practice of acquisition and use of mineral rights, granting more power to the state when it comes to natural resources.

It is important to note that the current mineral regulatory framework, MPRDA 2002, which has been amended as the MPRDA Act 2013, had its foundations from the Freedom Charter

designed by the current governing ruling party, the African National Congress (ANC, 2012; Ford, 2012). The Freedom Charter states clearly that

“The national wealth of our country, the heritage of South Africans, shall be restored to the people. The mineral wealth beneath the soil shall be transferred to the ownership of the people as a whole.”(Steyn, 2008; Carrol, 2012).

It was for this reasons, among others that parliament enacted the MPRDA to expand opportunities for historically disadvantaged people to enter the mineral and petroleum industries and to benefit from the exploitation of these resources through mineral beneficiation. This process is to be accomplished by strengthening the linkages between mining and manufacturing, procurement, Black Economic Empowerment (BEE), and the strengthening of downstream linkages which would in turn create jobs. In this regard, mining companies must facilitate local beneficiation of mineral commodities by adhering to the provision of section 26 of MPRDA and the mineral beneficiation strategy (Department of Mineral Resources, 2011). The MPRDA preamble further outlines the State’s role in the mining industry confirming the State’s obligation to ensure sustainable development of mineral and petroleum resources by promoting economic and social development.

Moreover, the MPRDA preamble emphasizes the need to promote local and rural development and the social upliftment of mining communities (Kearney, 2012; Mostert, 2005). The nucleus of the MPRDA can be founded by reading Section 3 (1) which provides:

“mineral and petroleum resources are the common heritage of all the people of South Africa and the state is the custodian thereof for the benefit of all South Africa” (Mostert, 2005; Ncube, Shimeles, Verdier-Chouchane, 2012).

Section 2 of the Black Economic Act (BEE) (53/2003:4-5) also buttresses the Mining Charter objectives as the goal of the BEE Act is to facilitate broad-based BEE by promoting economic transformation in order to enable meaningful participation of black people in the economy and by empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills (Department of Trade and Industry, 2003). However, though designed as recompense for past exclusionary policies against black workers, the MPRDA Act has been criticised for being too vague and ambiguous, leaving little precedence for applicants seeking or utilising mineral rights (Carrol, 2012; Caewood and Oshokoya, 2013). Despite the

various revisions, mining companies have been resistant to apply the MPRDA Act which contributed towards its being amended. Minister Mosebenzi Zwane in the 2016 Review and Invitation to Comment, of the Mining Charter, revealed that while there were noticeable improvements in levels of compliance, there still remained a long way for the mining industry to be fully transformed. The Minister in the document emphasizes how despite the MPRDA legislation transferring ownership of mineral wealth to South Africans remains problematic. Examples provided are the fact that limited progress has been made in embracing the broad-based empowerment ownership in terms of meaningful economic participation of Black South Africans. Moreover, the interests of mineworkers and communities are typically held in nebulously defined Trusts, which constrains the flow of benefits to intended beneficiaries (Department of Minerals, 2016).

The Department of Minerals Resources Report (2016; 10) also identified a number of shortcomings in the manner in which the mining industry has implemented the various elements of the Charter, in relations to ownership, procurement, employment equity, beneficiation, human resource development, mine community development, housing and living conditions. Consequently, the mining industry has broadly been faced with increasing tensions with both workers and host communities, and finally, a proliferation of communities living in abject poverty continues to be largely characteristic of the surroundings of mining operations (Colin, 2013; Jacwell, 2016). It must be stated that the mining companies are not the only ones who have been accused of failing to implement the MPRDA effectively, as there have also been questions of local governance capacity to integrate the mining communities into the mining economy, and the level of state intervention to ensure that all stakeholders comply.

2.7. THE MPRDA AND INDUSTRIALISATION

The MPRDA conceptual framework is relevant for this thesis as it recognises the importance of natural resources as an engine of economic growth and development. Industrial production creates job opportunities at higher skill levels, facilitates denser links across the services and agricultural sectors, between rural and urban economies and between consumer, intermediate and capital goods industries (Bexter, 2009; Butler, 2013). Beneficiation which is the crux of the MPRDA is also considered essential for maximising economic benefit. The term 'mineral beneficiation' is generally defined as a value adding process on minerals from extraction to refining to production of the final consumable good (Akser, and Tomas, 2005).

Beneficiation entails the transformation of a mineral (or a combination of minerals) to a higher value product, which can either be consumed locally or exported. The term is used interchangeably with value-addition (Department of Mineral Resources, 2011). Currently, beneficiation is broken down into four stages with the commodity gaining value as it moves from one stage to the other which are extraction of raw mineral, followed by the production of metal alloys, the first process of manufacturing, the third stage is a crucial one where various skills are applied enhancing the mineral to meet the requirements of the end user, and finally the selling and consumption stage where the final product is developed (Department of Mineral Resources, 2008; Montja, nd: 3).

Furthermore, through the aforementioned four stages, beneficiating minerals can take two forms which are down-streaming and side-streaming. Down-streaming beneficiation is the core beneficiation form where an iron ore is extracted, processed and a final product is reached and distributed (Czernowalow, 2002). Depending on the mineral, this would also include mining and primary concentration which is normally crushing and milling, followed by washing, gravity or magnetic separation and flotation (Keeton and White, 2010; Montja, nd;3). The side-stream process however is what one could refer to as rather an extended form of beneficiation. This could be building infrastructures, roads, harbours, airports, railways, institutions and so on reason being the need to process the minerals, distributing them to different destinations and then selling to customers (Keeton, and White, 2010; Bass, 2014). The side stream of high end beneficiation promotes industrialisation at various stages (Kahn, 2013; Bass, 2014).

2.7.1. South Africa's state of mineral beneficiation

Despite the comparative advantage in mineral resource endowment and more than a century of mining in South Africa, the levels of mineral beneficiation have been low and mostly concentrated in the high capital sectors of the mineral value chain (New Growth Path, 2010; Department of Mineral Resources, 2011). South Africa's exports most of its minerals semi-raw which means that the country's high end beneficiation process takes place outside the country. Since high end beneficiation takes place elsewhere, other countries in the West, or Asia, the afore-mentioned regions derive the benefit of producing the higher-value product, while South Africa receives the lower economic returns associated with the lower-value product (Hausman, 2007; New Growth Path, 2010). Not to mention the fact that South Africa buys back the higher value product at a higher premium from the global market (Walker 2004; Hausman, 2007).

According to the DMR 2011 Beneficiation Strategy, South Africa has lost a lot of income due to minimum beneficiation. In 2008, gross revenue from sales of all minerals in South Africa amounted to just below R300 billion (Department of Mineral Resources, 2011). Similarly, just over R86 billion was generated from processing of base metals, precious metals and other minerals, which represented 11 percent of the total volumes of minerals produced (Department of Mineral Resources, 2011; New Growth Path, 2010). This represented the national opportunity loss in export revenue and employment creation opportunities. It is problematic that South Africa's high end in beneficiation occurs elsewhere particularly since the mining industry has one of the most developed industrial clusters globally with extensive science and technology research, broad expertise in geoscience, large number suppliers of equipment and services and sophisticated financial services (Czernowalow, 2002; Baxter, 2012). Furthermore, because high end of beneficiation takes place out of South Africa, this also impact South Africa's capacity to industrialise at the local government level. Industrialisation is basically one of the key economic indicators of developmental success, a prerequisite most LED's in South Africa which mining sectors and local government should effectively prioritize.

Theoretically, industrialisation speaks directly to sustainable growth and development that is promoted in the MPRDA. Moreover, it is undisputed that the industrialisation of a country provides economic diversification that generates increased opportunities beyond the limits of subsistence agriculture or other single commodity reliance such as minerals (Joffe, Kaplan, Kaplinsky, & Lewis, 1995). It serves as a vehicle for social and economic change closely linked to development, poverty reduction and increased income at the individual, regional and national levels (Du Plessis, 2011; Mitchell, 2013). Looking deeper, industrialisation provides the forum for social and economic mobilisation responsible for the conditions in which democratic governance is a viable option (Rodenstein-Rodan, 1943; Hoffman, 1958). It can also act as a means to increase domestic and foreign investor confidence in the methods of governance, stability, regulation and accountability for making and securing profits within developing nations (Sachs, 2005). Additionally, the industrial sector provides a key opportunity to enhance total factor productivity, innovation and outputs for export-led development. It ultimately provides the impetus to catapult SSA countries beyond the "third world"(Joffe, Kaplan, Kaplinsky, & Lewis, 1995; Sachs, 2005).

It is not the intention of this thesis to offer industrialisation as a panacea for the many challenges that face South Africa in the current age. It is simply an entry point to the greater discussion concerning economic growth and stagnation, and serves as a key contributor to conditions that influenced democracy in general. Industrial capacity serves as a hallmark of the emerging markets as has been demonstrated in Asia (Loots, 2006; Carrol, 2012). It is a key element in “modern” national capacity and critical contributor to economic development. The advancement of material interests opens the door for continued opportunity, social and economic mobility and is a catalyst for eventual endogenous growth (Sachs, 2000; Carrol, 2012). This type of growth is a cycle of self-sustaining development where income is generated by technological innovation, which raises national income and stimulates further innovation in a positive feedback process.

Based on the above discussion of industrialisation which is the key objective of LED’s through implementation of the MPRDA, it is critical to examine what then has been the extent of the application of the modernisation theory. Needless to say, through industrialisation, South Africa and most African countries would be better able to beneficiate their own minerals, export finished goods, have better infrastructure, and better able to compete in the global market (Pepper and Spedding, 2010; Mitchell, 2013). The following section will determine how the economic stages identified in the modernization theory will facilitate mineral industrialization.

2.8 ECONOMIC DEVELOPMENT STAGES

This thesis established earlier, that there are three transformations that economies go through as countries move from extreme poverty to wealth. The three stages are the commercial stage, the industrial take off stage, and the services stage. Given that South Africa is not a predominantly rural society, there will not be much discussion on the commercial stage. The focus of this discussion will be on the industrial take off and services stage. Moreover, unlike the chaotic instability that challenged economic stages in the 1960s and 1970’s, these stages apply because within the context of economic development and modernity, South Africa can be considered a country with above average development and a competitor within the global economy (Sullivan and Sheffrin, 2003; Sachs, 2005). From a communications, connectivity and electrical production perspective, South Africa is one of the most modern countries in the continent. South Africa is not without domestic challenges in terms of economic or social indicators such as unemployment, degrading infrastructure and poverty rates. However, it is

well developed in terms of sustainable capacity such that it is able to export abundant natural resources and utilise reliable financial, legal, communications, energy and transportation sectors (Loots, 2001; Sachs, 2005). Finally, it is argued that like in most Asian countries which have leap frogged in their stages of industrial growth by using capitalistic models such as modernisation to grow their economies, South Africa should also do like-wise. The reality is that post 1994, South Africa operates in a capitalistic world which makes it essential to implement an economic model such as the Sach's stages of economic development presented in this thesis. The next section presents the two different stages; industrial and services.

2.8.1. Sachs stages of economic development in the South African context

South Africa has clearly entered the industrial stage having surpassed the pre-commerce and commerce stage during the Twentieth Century. South Africa is currently on the borderline of being an investment driven and innovation driven economy. Although the production of innovative products and services is not yet at the dominant source of competitive advantage, South Africa is able to assimilate and improve upon foreign technologies and even export machinery and equipment (Sachs, 2005). South Africa's challenges in advancing it to the higher level of industrialisation and a knowledge based, mass consumption economy, have to do with governance measures at the local level in particular. For the purposes of this thesis, the only stages to be discussed will be South Africa's industrial take off or growth, and the services stage. The afore-mentioned stages are discussed to link with the study objectives.

2.8.1.1. Industrial Take-off

The importance of industrialisation as an engine of economic growth and development cannot be overstated. Industrial production creates job opportunities at higher skill levels, facilitates denser links across the services and agricultural sectors, between rural and urban economies and between consumer, intermediate and capital goods industries (Stein, 2008). The industrial growth stage embraces societies in the process of transition; that is, the period when the pre-commerce and commerce are developed; for it takes time to transform a commerce society in the ways necessary for it to exploit the fruits of modern science through industrialisation (Held, 2003). This period is marked by growth in education and entrepreneurial growth. Adam Smith's classic statement of the industrialisation process still forms the core of many theories; and rightly so, since it describes feedback processes that can lead to continuous market growth, and in so doing, connects supply to demand (Smith, 1976) In its broadest sense,

industrialisation includes any work that is undertaken for economic gain and promotes employment (Jici and Wang, 2002). However, there is a take off stage in industrialization period where a country is required to mature to a service economy. Failure for a country to industrially take off to services, keeps the country trapped in its industrial status and growth contributing towards deindustrialization. In order for South Africa to move from the industrial stage to the services stage, the country will have to succeed in implementing entrepreneurship, investment and savings growth, and strong educational growth will be a necessity.

2.8.1.2 Entrepreneurship

A key aspect of the industrial take-off in modernisation is that new types of enterprising men and women come forward in the private economy, in government, or both, and willing to mobilise savings and to take risks in pursuit of profit or modernisation particularly in the mining sector (Johnson and Wield, 1992; Stein, 2008; Hewitt). The fact is that entrepreneurial growth in South Africa still lags significantly behind many comparable countries like India, Brazil and Mexico (Timm, 2013). Moreover, a lot of the emerging entrepreneurs or billionaires in the country are not self-made, but depend on tender based growth which impacts South Africa's industrial take off. Through entrepreneurial trade, economic growth typically becomes a normal condition.

2.8.1.3 Investment and savings

During the industrial take-off, the rate of effective investment and savings may rise from, say, 5 % of the national income to 10% or more; although where heavy social overhead capital investment was required to create the technical preconditions for take-off the investment rate in the preconditions period could be higher than 5% (Meir, 1981; Cazanelli, 2001; Bader, 2001). Moreover, during this period, new industries expand rapidly, yielding profits a large proportion of which are reinvested in new plants; and these new industries, in turn, stimulate, through their rapidly expanding requirement for factory workers, the services to support them, and for other manufactured goods, a further expansion in urban areas and in other modern industrial plants (Kahn, 2001; Bader, 2013).

The whole process of expansion in the modern sector yields an increase of income in the hands of those who do not only save at high rates but place their savings at the disposal of those engaged in modern sector activities. The new class of entrepreneurs expands; and it directs

the enlarging flows of investment in the private sector. The economy exploits hitherto unused natural resources and methods of production (Loot, 2006; Simon, 2012). Moreover, South Africa faces major hurdles in reaching the industrial off stage, given its current forecast at 2.1% (Pepper and Spedding, 2010; Mitchell 2013; Maswanganyi, 2015). Challenges contributing to the 2.1% growth range from electricity shortages, low skills, and labour strikes. Implementation of the MPRDA therefore is challenged at all fronts as the mining sector has been severely weakened (Carrol, 2012; Simon, 2012). There have been no new industries linked to the mining sector that have boomed despite the approach by government to create various BEE incentives mainly due to the lack of manufacturing growth. In the final analysis in regards to take off, the basic structure of the economy and the social and political structure of the society are transformed in such a way that a steady rate of growth can be, thereafter, regularly sustained.

2.8.1.4 Education

Education is another major component for industrial take off to succeed as it requires a high level of science and technology (McMichael, 2000). The continued progress of industrialisation and economic development not only requires more people, it also requires better quality people - ie better educated; better able to embrace change; better equipped to use more complex tools and machinery; better able to appreciate and understand the theory and principles of what they are doing; and better able to develop an innovative domestic technological tradition - a tradition or ability not only to import new machines and methods invented by others, but also to push forward technological development on their own account (McMichael, 2000; Schnellenbach, 2002; Simon, 2012). To use the terminology of the economists, the stock of "human capital" must be improved. This is principally achieved by education. Today, growth economists make much of the correlation between the level of education in a country and the rate of its economic development (Schnellenbach, 2002). The economic and technical progress dominate this stage. New forms of industries like neo-technical industries emerge such as electrical or technical industries. Neo-technical industries supplement the paleo-technical industries. As a consequence of this transformation, social and economic transformation, especially the latter, increase (Meier, 1989; Ncube, Shimeles, and Verdier-Chouchane, 2012).

In 2014, the World Economic Forum ranked South Africa's education system 133rd out of 142 countries in the world (World Economic Forum, 2014). Moreover, in regards to mathematics and science education, South Africa ranked second last in the world, only ahead of Yemen

(World Economic Forum, 2014). In order for South Africa to progress towards the take-off, it will have to ensure that education is part of modern economic activity at local government level. According to Moraka (2015, 182) the quality of education in rural schools has been considered a barrier to transformation as most of them are unable to matriculate into institutions of higher learning. She further argues that, the issue of education cannot be left to the mines to resolve but it needs to be an active agent of transformation by ensuring that mining community schools are equipped with facilities and resources to operate optimally (Moraka, 2015; Moraka and Jansen van Rensburg, 2015).

For MPRDA to succeed as a beneficiation tool, it can only be accomplished through human resource development beginning at basic education. Value-addition to minerals is only achievable by a well-trained and fully equipped labour force such as technicians, technologists, engineers, designers, and entrepreneurs through enabling institutions and networks. The human resource development factor lies at the heart of mineral beneficiation (Montja, nd: 2; Carrol, 2012; Bexter, 2013).

2.8.1.5 The services stage

What may be called a service economy is generally attained when the main characteristics of economic growth are self –sustained which requires no exogenous inputs. Formally, a service economy can be defined as the stage in which an economy demonstrates the capacity to move beyond the original industries which powered its take-off and to absorb and to apply efficiently over a very wide range of its resources which are typically modern technology. (Meir, 1989; Leys, 1996; Basu, 2005). This is the stage in which an economy demonstrates that it has the technological and entrepreneurial skills to produce not everything, but anything that it chooses to produce. Its dependence is a matter of economic choice or political priority rather than a technological or institutional necessity (Meir, 1989; McMichael, 2000; Grinpun, 2003). The economic drive to maturity is typically characterized by continual investments of 40 – 60% (Zhang, 2001).

This last phase is almost like the knowledge base and consumption stage which is the final step in Walt Rostows modernization theory where most parts of society live in prosperity, and persons living in this society are offered abundance and a multiplicity of choices (Meir, 1989). Sachs: (2004, 6) argues that after a country becomes a successful science and innovation

economy, having gone through with industrialisation, internationalisation, and investments in science, per capita incomes have risen to around \$15,000. There are very few cases of countries that reach that level and then stop developing. Almost all of the countries at that level have pretty steady economic growth, despite some shocks in business cycles, and even those do not cause 20 years of stagnation. Such countries have sustained, dynamic growth, with continual expanding markets, rising productivity, and innovation (Sachs, 2004).

Generally, as societies graduate into services in the twenty first century, two things happen: real income per head rises to a point where a large number of persons gain a command over consumption which transcends basic food, shelter, and clothing; and the structure of the working force changes in ways which increases not only the proportion of urban to total population, but also the proportion of the population working in offices or in skilled factory jobs-aware of and anxious to acquire the consumption fruits of a mature economy (Zhang, 2001; Grinpun, 2003). The emergence of the welfare state is one manifestation of a society's moving beyond industrialisation (Khor, 2001; Zhang, 2001; Lefeber, 2003). Interestingly, although South Africa has become a welfare state, when real income per head has not increased, and instead the country has become one of the most unequal societies in the world which again speaks to the horizontal development approach.

South Africa's entrance into the service economy would require a paradigm shift from the current dependence on its natural resources as a major source of income. Instead, South Africa currently suffers from a mineral resource curse as it is failing to fully develop from its mineral wealth and industrialize effectively where it would create jobs and boost the economy. The resource curse, also known as the paradox of plenty, refers to the paradox that countries and regions with an abundance of natural resources, specifically point-source non-renewable resources like minerals and fuels, tend to have less economic growth and worse development outcomes than countries with fewer natural resources (Stiglitz, 2005; Kahn, 2013).

For South Africa to graduate to the service economy, the country would have to mature from the industrial take off phase. However, in order to outgrow the industrial take off phase, the country should have developed and sustained strong economic growth through endeavours such as a good educational system, entrepreneurship, and exporting finished goods which is the MPRDA premise (Hoogvelt, 2001). Elimination of the resource curse would also have to be accompanied by a diversification of the economy at the local government level through the

MPRDA. In essence, the South African economy would find its place in the international market whereby goods formerly imported are produced in the country. The new industries would accelerate, while older industries level off thereby balancing the economy. Ideally, South Africa would also dictate mining terms as it wills with the requirements of modern efficient production, balancing off the new against the older values and institutions, or revising the latter in such ways as to support rather than to retard the growth process (Hoogvelt and Ankie, 2001; Schnellenbach, 2002; Basu, 2005).

2.9 CONCLUSION

The literature review established how the modernization theory evolutionary process which leads to modern innovations is often described as simultaneous rationalization in the economic, political, legal, and cultural spheres in society. The chapter portrayed how the theory can be structured towards the process of socio-cultural transformation. Socio-spatial organization, or urbanization, mobility, flexibility, and the spread of education. State intervention is essential in addressing market forces in order to achieve a high level of economic activity and full employment making industrial processes more productive, harmonious and suitable.

The review of the literature has answered the basic question at heart of all mining and Local Economic Development (LED) related research through the modernization theory which is to effectively implement legislation that would industrialise the local economies. Without strong state intervention legislative instruments such as the MPRDA will remain ignored by the stakeholders at the expense of the poor. Notwithstanding the fact that, the Sachs economic stages presented in the chapter which are inclusive of variables such as education, entrepreneurship, and investment and savings would require purposive policy intervention by the state. The challenge of legislative implementation of the MPRDA is flagged in the chapter through the 2016 document by the Department of Mineral Resources which emphasizes that the mining parties were not fully supporting the transformation process. The fact is, legislative implementation processes can only work with strong governance systems and state intervention through effective public policy. Public policy is a consistent course of action formulated by a specific political process, and adopted, implemented, and enforced by government which is the key to ensuring that the theory of modernization works. (Schnellenbach, 2002).

Finally, the chapter demonstrated that despite criticism of the modernization theory and its impact in the 1960's, it is a broad concept which can still be configured to a specific country. Neo-liberalism has also been harshly criticized and discredited for its role in promoting the 2008 global economic crisis, and negative economic models such as Structural Adjustment Programs (SAPs). In the final analysis it is about applying and configuring an economic model that suits the country's needs. As Deutsch and Schumpeter indicate the modernisation concept is capable of adapting towards various types of economic, cultural, political, and social systems. Furthermore, Modernization does not have to be premised on Western ideals. Neither are Sachs economic stages specifically Western, but process of economic implementation to reach a particular goal.

Most developed countries have applied economic development stages through strong state intervention. Interestingly, while most African countries were advised to reduce state intervention for economic growth through SAPs, most Western countries including Britain during the industrial revolution, and the United States industrialized through strong state purposive intervention. For LED to grow through the MPRDA legislation, the South African state is the central agent necessary for transforming an institutional matrix and set in motion a cumulative process of development which would lead the country to the highest stage of knowledge consumption currently taken over by its peer, China.

CHAPTER 3

THE INFLUENCE OF NEO-LIBERALISM ON THE SOUTH AFRICAN GOVERNMENT SYSTEM

3.1. INTRODUCTION

South Africa is a textbook example of how globalisation plays itself out in the semi-industrialised world. South Africa re-joined the global scene of international economy in the 1990's during which time globalisation had started to gain prominence. In addition to adjusting to the demands of the globalisation forces, South Africa had to cope with its status as an emerging market (Loots, 2006; Mapuva, 2012; Green, 2012). To some extent, globalisation has influenced South Africa's state's sovereignty, and has led to the decline in the power of the national government to direct and influence its own economy. With the National Development Plan (NDP) now in its implementation phase, it is important to note that globalisation and country's state sovereignty are not competing forces, but that they rather complement each other for mineral industrialisation to take place.

Needless to say, globalisation is contagious. The contemporary set up of the international system is such that all states are somehow affected by events occurring in different parts of the world. The recent 2008 global financial crisis is testament to this fact. Nadir Eruglo rightfully contends that "Globalisation is based on an unprecedented axis of integration and expansion, and therefore, the nation-state has started to lose its power to shape economic development" (Loot, 2006; Erulgo, 2010). In the South African case globalisation has become a synonym for inaction, even paralysis, in domestic economic policy formulation and implementation (Michie and Padayachee, 1999; Bond, 2001). The paralysis is evidenced through the challenges of the mining legislation, the Mineral and Petroleum Resources Development Act (MRPDA) which has not been well embraced by the global business community, making it problematic in promoting industrial development in mining communities.

According to Mapuva (2010, 21) South Africa is impacted by globalisation through its import-export trading activities, its net Foreign Direct Investments (FDI) inflows and its net portfolio inflows (Mapuva, 2010; Loots, 2006). The globalisation process in the country is mainly driven by trade. Both net FDI inflows and portfolio inflows seem to have a very limited impact on economic growth in the country due to their high levels of volatility (Smith, 2001; Mapuva, 2010). The limited impact is demonstrated through the nature of South Africa's powerlessness

regarding the Rand and ongoing currency wars. Globalisation consists of various forces such as neoliberalism which gave rise to the Washington Post. Over the past three decades, neoliberalism has been running the world economy. Hirsch (2015:1) argues that the South African government has been constrained to effectively intervening in the country's developmental objectives due to forces of neo-liberalism. In other words, had the government not constrained itself over the past 23 years, a more vigorous industrial policy might have been introduced, assets such as mineral wealth and land could have been more radically redistributed, and the apartheid structure of cities could have been more urgently addressed (Bond, 2001; Ponte and Van Sittert, 2007; Hirsch, 2015;).

The neoliberal policies are creating negatives in the mining sector and the mining communities. Mining contributed heavily to South Africa's growth from 2002-2008 when the country experienced its greatest economic growth since the inception of democracy, averaging 4.5% annually, bringing the country into prominence as a leader on the continent (Lakmidas and Herskotvitz, 2012; Kermeliotis, 2013). However, in 2008, the global market crashed sending the price of commodities plummeting, and South Africa's economy has yet to recover. As Tsheola and Sebola (2012,5) state, attempts to establish a developmental state instead produced state capitalism which is an economic system wherein government owns and directs a substantial sector of the economy by corporatising, commercialising and privatising public utilities that are responsible for delivering essential public functions and services. Given South Africa's stark societal poverty and inequality, service delivery distributional dilemmas became inevitable with the adoption of state capitalism (Tsheola and Sebola, 2012).

The mining industry in South Africa also remains challenged as global manufacturing output remains under immense pressure due to subdued demand. Mining companies are inevitably influenced by global developments, with macro-economic growth and international markets strongly influencing both the demand for resources and profitability (McNitt, 2013; Lane, Guzek, van Antwerpen, 2015). South Africa has become totally dependent on privatisation and the global community for the export of its commodities. Due to limited state intervention which is the premise of neoliberalism, there has been poor implementation of MPRDA, which means that LED projects have taken the back seat which has had serious impacts on local employment, revenue generation, socio-economic development programmes and other forms of shared value (Hanival and Maia, 2008; Hausmann, Rodrik and Sabel, 2014). It is widely

acknowledged that developing countries require a pro-active developmental state whose interventions should be targeted, planned and coordinated (Turok & Jawooden, 1999).

Since the 2008 economic downturn facilitated by neo-liberal policies, global demand for minerals were triggered by the recession. Moreover, the lack of mineral beneficiation has also been influenced by neo-liberal policies, as the export of mineral resources has not risen much over the past decade (Turok, 2013, Antin, 2013). The objective of this chapter is to demonstrate that the neo-liberal theory has negatively shaped South Africa's governance thereby crippling mining communities through poor economic growth and lack of mineral beneficiation.

In an effort to address the lack of effective mineral beneficiation, in December 2012, the South African parliament approved a draft amendment to the MPRDA bill. The reason behind the amendment was due to the fact that the composition of South Africa's trade with most parts of the world is characterised by the export of raw materials and the import of manufactured goods (Turok, 2013). In an attempt to expose the impact of neoliberalism on South Africa's mining industry, this chapter will therefore examine the following key issues: i) The spread of neoliberalism ii) Neo-liberalism and its development trajectory in South Africa, and the outcomes of neo-liberalism on South Africa iii) implementation of neoliberal based projects in South Africa and iv) neoliberal outcomes in South Africa

3.2. THE SPREAD OF NEOLIBERALISM

The neo-liberal policies were applied for more than two decades in such diverse contexts as Africa, Latin America and Asia, as well as in countries emerging from real socialism in Eastern Europe and Central Asia (Hoogvelt, 2001; Gill, 2008; Muller, 2013). There were usually two major stages of intervention: the first focused on macroeconomic stability and structural adjustment programs, and the second included such objectives as improving institutions, reducing corruption or dealing with infrastructure inefficiency (Naim, 1999; Hanival and Maia, 2008; Hausmann, Rodrik and Sabel, 2014). Neo-liberalism comprises various elements of which only two will be referred to in this thesis, microeconomic and macroeconomic. At the microeconomic level, neoclassical theory assumes that the market is efficient and the state is inefficient. It naturally follows that the market rather than the state should address such economic problems of development as industrial growth, international competitiveness and employment creation. At the macroeconomic level, this approach presumes that the world

economy is characterised by capital mobility and the relentless advance of 'globalisation' (Graafland, 2007; Hahn, 2008; Filho, 2010).

Thorsen and Lie (2009: 14) define neoliberalism in relation to beliefs related to the role of the state, which is a minimal role, the responsibility of which is to preserve commercial liberty and private property rights, nationally and internationally, where it should also ensure free trade and free markets. Ultimately, neoliberalism is defined as "a loose set of ideas of how the relationship between the state and its external environment ought to be organised (Thorsen and Lie, 2009; Harrison, 2010; Hund, 2010). Teeple (1995:5) asserts that neoliberalism spells the end of the welfare state (Teeple, 1995). The nation-state's institutions does not only come into question, but also become liabilities as countries struggle to keep up with the demands for growth imposed by international capital (Graafland, 2007; Hahn, 2008; Filho, 2010). Governments are viewed as no longer having the power to ameliorate the worst effects of capitalism as market forces now have the power to dictate policy, and the freedom to seek greener pastures if its demands are not met (Thorsen and Lie, 2009; Harrison, 2010).

Neo-liberalism is based on market fundamentalism, a resuscitation of the laissez-faire policies that were popular in some circles in the nineteenth century (Graafland, 2007; Harrison, 2010). Neoliberalism, in theory, is essentially about making trade between nations easier. It is about freer movement of goods, resources and enterprises in a bid to always find cheaper resources, to maximise profits and efficiency (Shah, 2010; Sachs, 2005; Dowbor and Ladislau, 2010). Richard Robbins, in his book, *Global Problems and the Culture of Capitalism* summarises some guiding principles behind the ideology of neoliberalism which include privatisation of the public sector being essential to eliminate inefficiency, and governments mainly functioning to provide the infrastructure to advance the rule of law with respect to property rights and contracts (Robbins, 2011).

At the international level then we see that the additional neoliberal principles translate to freedom of trade in goods and services, freer circulation of capital and freer ability to invest (Seabrooke, 2006; Robbins, 2011). The roots of neo-liberalism can be traced centuries back from 1776, when British economist Adam Smith published his book, "*The Wealth of Nations*" (Campbell, Skinner and Smith, 1976; Robbins, 2011). Smith, who some regard as the father of modern free market capitalism in his book, suggested that for maximum efficiency, all forms of government interventions in economic issues should be removed and that there should be

no restrictions or tariffs on manufacturing and commerce within a nation for it to develop (Campbell, Skinner and Smith, 1976). Basically neoliberalism is viewed as mercantilism which has its roots in the Middle and dark ages of Europe dressed up with more friendly rhetoric. The fact is, the modern system of free trade, free enterprise and market-based economies, actually emerged around 200 years ago, as one of the main engines of Western development for the Industrial Revolution (Shah, 2010; Chang, Ha-Joon, 2010; Robbins, 2011).

The Reagan and Thatcher era in particular, saw neoliberalism pushed to most parts of the globe, almost demonising anything that was publicly owned, encouraging the privatisation of anything it could, using military interventions if needed (Krugman, 2009; Green, 2012). Structural Adjustment policies were used to open up economies of poorer countries so that big businesses from the rich countries could own or access many resources cheaply (Al-Rodhan, 2012, Green, 2012). The central value of Thatcher's doctrine and of neo-liberalism itself is the notion of competition, competition between nations, regions, firms and of course between individuals. Competition is viewed as central because it is supposed to allocate all resources, whether physical, natural, human or financial with the greatest possible efficiency (Shah, 2010; Robbins, 2011). Economic policies implemented during the Thatcher and Reagan regimes later influenced the economic orthodoxy that guided the policies associated with International Financial Institutions (IFIs) such as the International Monetary Fund (IMF) and the World Bank. These institutions turned neoliberalism into a global policy via Structural Adjustment Programs (SAPs) amongst others (Kiely, 2005; Rodrik, 2008) which South Africa adopted. In order to demonstrate the spread of neoliberalism and its impact, this section will feature a discussion on neoliberalism on the African continent which will be broken into 2 themes; the debt crisis and significance of programs such as SAPs, and neo-liberalism and the 2008 global economic downturn.

3.2.1. Neo-liberalism and the African continent

History portrays that Africa and the global South encountered European pillage and imperialism around the 19th century through the weapons of military offensive (Adesina, 2001; Ayers, 2013; Campbell, 2015). On the other hand, the nature of enslavement in the late 20th century has relied more on policy merchants espousing the neoliberal theory deployed from the World Bank and the International Monetary Fund (IMF), as macroeconomic policy advisers and development experts (Adesina, 2001; Bassey, 2012; Prasad, 2012; French, 2014). As observed by Hanson and Hentz (1999: 470), neoliberalism expanded across the developing

world since the 1980s and early 1990s, structural adjustment strategies envisioned broad consensus for targeting low inflation, balanced budgets, currency convertibility, export-oriented production, and privatisation. Harvey (2006:25) states that it was usually the United States or the IMF in collaboration with the elite of a particular country that pushed for the change to neoliberalism. Basically according to Harvey if a developing country could not repay their debt and then went to the the US Treasury and International Monetary Fund for a bail out, they were usually given conditions that they opened their markets, and adopted neoliberal policies. Neoliberalism had an impact on the African continent at two levels: the debt crisis and Structural Adjustment programs (SAPS) of the 1980s; and secondly the global economic downturn of the 2008 that provided the critical entry point for the global community to dominate the sphere of economic policy making in South Africa and the continent (Nayan, 2012; French, 2014).

3.2.2 The Debt crisis and structural adjustment programs

In regulating the debt crisis, the IMF and the World Bank imposed SAPs on many indebted African nations who had to request for debt rescheduling or fresh loans. Stiglitz (2003, p2) argues that African countries were provided with assistance, typically loans rather than grants accompanied by conditions designed to assist their structural adjustment. The borrowing countries were required to adapt the structure of their economy to the IMF's market fundamentalism of neo-liberal policies such as liberalisation (Gore, 2000; Stiglitz, 2003; Lopes, Carlos; Sachs, Ignacy; Dowbor, and Ladislau 2010). Liberalisation opened up African markets to goods from foreign countries, but the African countries had little to sell abroad. Basically, like South Africa, most African countries are mineral economies which ended up exporting raw minerals and importing finished goods (Bassey, 2012; Prasad, 2012; French, 2014). Not surprisingly, the SAPs policies failed to bring growth, as African countries could not penetrate the global market and grow their economy, despite spiralling debt.

SAPs was basically characterised by poor economic performance (Ferguson, 2006). The SAPS reforms included public expenditure cuts, introduction of charges for health and education, and reductions in industrial protection, leading to high unemployment, poverty rise and unequal income distribution (Dele, 2001; Ferguson, 2006; Stein, Howard and Nissanke Machiko, 2009). The SAPS and macroeconomic stabilisation programs had a disastrous impact on social policies and poverty levels and in many countries had only served to exacerbate the dismal socio-economic conditions of adjusting states as well as deepen the

existing deprivations of the poor and the marginalised (Schoenholtz, 1987; Ferguson, 2006). Cheru (2010:121) states that the intensification of poverty and inequality triggered off a wave of violent protests and conflicts across the continent, bringing about a condition of permanent political instability in the affected countries. According to Hoogvelt (2001, 187) the United Nations for Research and Social Development (UNRISD, 1995: 42) observed that the Structural Adjustment Programme precipitated multiple unrest and violence in which many adjusting countries experienced IMF riots which are usually a result of rising cost of food and transport (Hoogvelt, 2001).

Former Minister of Finance, Trevor Manuel (2003) argues that few African countries effectively applied all the neo-liberal reforms because of the difficulties of pursuing them, particularly since some of the neo-liberal proposals were not necessarily appropriate to Africa's needs. In particular, there were difficulties with the emphasis on privatisation and fiscal reform and trade liberalisation (Manuel, 2003; Rodrik, 2008; Ha Joon, 2010). Nevertheless, the dependence of many African economies on a narrow range of commodities made it difficult for them to undertake the proposed reforms (Oxfam, 2005: 21, Kahn, 2004). Moreover, in turn, some of the reforms that have were taken, particularly with respect to the role of the state, made it difficult for African countries to deal with the more open trade environment (Thorsen and Lie, 2006; Hart 2008). Furthermore, African governments were viewed as incapable of gauging public administration, and the pace and magnitude of change acceptable to the society (Melber, 2002; Matthews, 2004; Hart, 2008). The afore-mentioned belief stemmed from a neo-liberalism stand point where government has long been the problem, and markets as the solution. In short, Trevor Manuel's argument basically exposed the challenge in neo-liberalism which was that the West had foisted upon the developing world as universal science, a status that justified a one-size-fits-all approach to the problems of the poor, regardless of where they are located (Bond, 2004).

3.2.3 Neo-liberalism and the 2008 global economic downturn

The second phase surrounding the negative impact of neoliberalism was more pronounced by the 2008 financial crisis. Around mid-2008 a financial crisis starting in the United States spread around the world into a global financial crisis. The governments of Western countries, finally had to face the inconvenient truth about the imperfection neoliberalism (Rodrik, 2009; Shaxon, 2011; Schwab, 2012). Nancy Birdsall and Francis Fukuyama (2011, 1), state that massive and

uncontrolled financial speculation produced the worst global economic crisis since the Great Depression, suddenly revealing a number of structural “diseases” that neo-liberalism had created. South Africa was badly affected by the 2008 downturn as it depends on exports for growth, and is dependent on commodities whose share in world trade is declining, and subject to high price volatility and declining terms of trade (Saadatmand and Choquette, 2012).

The global downturn was demonstrated through increased vulnerability of populations, simultaneously increasing unequal income distribution and the gap between rich and poor (Sheppard and Leitner, 2010; Nancy Birdsall and Francis Fukuyama, 2011; Schwab, 2012). Secondly, the downturn called into question the prevailing economic theories that served as a basis for formulating and prescribing policies, including those formulated by Bretton- Woods institutions at global level, in particular Structural Adjustment Programs (SAPs) (Rodrik, 2009; Sheppard and Leitner, 2010; Nancy Birdsall and Francis Fukuyama, 2011; Schwab, 2012). The 2008 global financial system borne by the neoliberal consensus continues to have an impact on different players, stakeholders, and institutions and countries including South Africa.

The 2008 melt down also exposed the United States and the United Kingdom hypocrisy of preaching good governance programs in Africa when they had failed to manage their own economic governance. Developing countries had been told to have good institutions, examples of good institutions were exhibited, and it was easy to instruct these countries on good policies by simply cutting the budget deficit and ensuring minimal government intervention (Sachs and Stiglitz, 2007). The Western hypocrisy stemmed from the fact that Western government officials or financial regulators had failed to use their own ‘good’ governance structures to keep pace with rapidly evolving markets demonstrating that effective public sectors are a challenge to maintain in even the most developed countries.

3.3. NEO-LIBERALISM AND ITS DEVELOPMENTAL TRAJECTORY IN SOUTH AFRICA

As indicated earlier, the neoliberal alliance between the North and African states and their ruling elites was forged over the course of the last generation, as structural adjustment, privatisation, and export-oriented policies were adopted across the continent in the 1980s (Nancy Birdsall and Francis Fukuyama, 2011). The emergence of an ANC government in the mid-1990s only cohered this trend, as the South African state committed itself to neoliberal orthodoxies. The benefits were to be two: development by invitation as a junior partner of Europe and the US,

and an open door to South Africa's economic landscape including the mining sector (Bond, 1999; Marais, 2000). It must be noted, however, that due to the huge domestic debt that the ANC government inherited from the apartheid era, corporate creditors put a lot of pressure on the ANC to adopt capital-friendly policies. Its policy choices were severely constrained by the strain debt put on resources, making redistribution difficult (Bond, 1999, Marais, 2000; Allen, 2006).

Basically, South Africa was incorporated into a world characterised by neoliberal economic globalisation. Cerny et al (2005) identified this as within a period where a more complex and globally interlinked world order was characterised by the triumph of the western liberal democracies over communism. Fukuyama (1989, 7) termed this period "The End of History" and stated that the triumph of the western economic reforms over socialism and communism were instrumental in the depletion of any viable systematic alternatives to that of Western liberalism (Fukuyama, 1989). It must be stated that during the Cold War the ANC and the Congress Alliance did not align themselves with Western liberal democracies, but adhered to the ideologies of socialism and the economic central planning of communist Soviet Russia. With the unbanning in 1990 of the ANC, the organisation did not have clearly formulated economic policies (Saul, 1994; van Vuuren, 2013). Consequently, the organisation relied on its commitment to the principles of the 1955 Freedom Charter. This led to the involvement of the Congress of South African Trade Unions (COSATU) in the formulation of economic policy (Saul, 1994; Schneider, 2003; van Vuuren, 2013).

When Nelson Mandela was released from prison in February 1990 he was still propagating ideals of state driven equality and the nationalisation of the mines and banks. Mandela stated that the ANC intended to rely on state-owned industries to rebuild the South African economy (Narsiah, 2002, Magubane, 2004; Macgregor, 2005; van Vuuren, 2013). He also claimed that South Africa would not be an exception in relation to other countries in the world, regarding internally focused or pro-state driven strategies and that historically countries like Britain, Japan and Germany did the same in the aftermath of global conflict, post-Second World War, in time dominated by the ideals of Keynesianism and social welfare (Nattrass, 1994; Magubane, 2004; Gumede, 2005).

In the early 1990s a shift occurred within the ANC leadership away from the struggle ideology. At the World Economic Forum in Davos, Switzerland in 1992 Mandela was convinced by various

world leaders to ditch the ideas of nationalisation as envisioned by the Harare workshops (Schneider, 2003; Gumede, 2005; Allen, 2006). State owned development was opposed by the West to the process of globalisation that was taking root and gaining momentum since the late 1980s (Markwell, 2006; Henderson, 2008). The economies of the world were becoming more integrated and interdependent. The logic of globalisation established that it was impossible to develop separately from other countries (van Vuuren, 2013, Macgregor, 2005, Nattrass, 1994). The ANC decision of 1992 has been challenged by Julius Malema, President of the newly established Economic Freedom Front who recently accused Mandela of 'turning against himself' by abandoning elements of the state owned development (Hirsch, 2015).

It is based on this context that one should understand why South Africa adopted the Neo-liberal approach which would later have an impact on mining growth in the country. Much of South Africa's present policy framework was established in the 1990s, at a time when global policy discourse reflected the collapse of the Soviet Union (Bondi, and Laurie, 2005; Macgregor, 2005; Muller, 2013). This was a time when, in many African countries, the first fruits of independence were withering on the trees and their development policy options were increasingly dictated from abroad through programmes of structural adjustment designed by the Bretton Woods institutions and enforced by their donor partners (Allen, 2006; Turok, 2008; Muller, 2013). It was also a time when dominant global policy discourses were entrenched in national policy either through formal conditionality or simply, as in the South African case, through the hegemony of the global markets (Schneider, 2003; Muller, 2013; van Vuuren, 2013).

The ANC-led national liberation movement relied on neoliberal reforms with an African voice to bring a 'better life for all' (Satgar, 2012). The presumption was that South Africa would manage home-grown neoliberalisation as a short term expedient in a different way from the rest of Africa and, indeed, the world. Thus, post-apartheid South Africa moved in a straight historical line from apartheid into a market-led development model, sometimes referred to as Afro-neoliberalism (Bond, 1999; Cerny, Menz, and Soederberg, 2005; Satgar, 2012). As elsewhere in the world, the main features of neoliberal strategy in South Africa include: a focus on budget reform to strengthen the redistributive thrust of expenditure, a faster fiscal deficit reduction programme; an exchange rate policy to keep the real effective rate stable at a competitive level; consistent monetary policy; the relaxation of exchange controls; a reduction in tariffs to contain input prices and facilitate industrial restructuring; the restructuring of state assets; an appropriately structured flexibility within the collective bargaining system; an expansion of trade

and investment flows in Southern Africa, and a commitment to the implementation of stable and coordinated policies (GEAR, 1996; Cerny, Menz, and Soederberg, 2005).

Consequently, post-apartheid South Africa chose not just reconciliation between Black and Whites, but appeasement (Allen, 2006; Satgar, 2012; Muller, 2013). This meant that white monopoly capital was not called upon to take responsibility for its complicity under apartheid and to commit to a serious transformative program, even though the conditions existed for this (Cerny, Menz, Soederberg, 2005; Satgar, 2012). Instead it was given what it wanted in terms of neoliberal reforms and 'economic stability.' Corporate social responsibility, tax payments and black economic empowerment to engender a new black bourgeoisie were considered sufficient and a normalising quid pro quo. Even this strategy has not worked with many monopoly firms moving offshore (Satgar, 2012). South Africa also signed the General Agreement on Tariffs and Trade (GATT) in 1993 and then proceeded to remove tariffs at a rate faster than required by the GATT. In December of 1993, the IMF granted South Africa a loan of US\$850 million, with this effectively forcing neoliberal structural adjustment programmes on the incumbent democratic government (Bond, 1997; Habib, 2009). However, Barchiesi asserts that this loan was unnecessary and served to commit the ANC government to work with the IMF to ensure a smooth transition in the 1994 elections, after which the borders of South Africa would be opened to foreign financial institutions (Bond 1997; Barchiesi, 2011; Satgar, 2012)

It is important to note that South Africa did not fall victim to the SAPs projects implemented by the World Bank because the apartheid debt was mostly owed to domestic monopoly capital and as such the foreign debt was not enough to make it necessary for South Africa to open itself to foreign financial institutions (Magubane, 2004; Hart, 2007; Muller, 2013). This sets the experience of South Africa apart from the introduction of neoliberalism in other developing countries. That said, South Africa has already undergone severe challenges due to neoliberalism which continue to have a direct impact on local governance.

Narsiah (2002: 4) writes that the early 1990s witnessed visits to South Africa by representatives of the World Bank, targeting ANC researchers and policy advisors. The author argues that senior ANC officials were also trained on neo-liberal application at the Washington headquarters of the World Bank and the IMF (Narsiah, 2002). The World Bank in short, had gained the confidence of important sectors of the new government, a number of NGOs, business leaders, senior academics and trade unionists with whom it had worked (Alence, 2004;

Ballard, Habib, Valodia, and Zuern, 2005). At the same time, the Bank had been able to accumulate an extensive and deep knowledge of South Africa's economic situation, and had built the basis for responding effectively to any request for financial and technical support in the future (Bond 1997; Carmody, 2002; Narsiah, 2002). Needless to say, the South African government followed advice from the IMF and surpassed expectations as to the speed and extent of the liberalisation of the economy (Bond, 1997) leading to the current state of affairs in the state of mining and development. While this section has attempted to portray how neoliberalism developed as part of South Africa's governance system, it is critical to explain how neoliberalism was implemented which will be presented in this next section.

3.4. IMPLEMENTATION OF NEOLIBERAL BASED PROJECTS IN SOUTH AFRICA

As many other developing countries, South Africa expected that globalisation and the replacement of traditional industries by modern sectors would become a panacea for economic development (Southhall, 2004; Onis, and Senses, 2005; Habib, 2009). Consequently, South Africa restrained its intervention in the economy so as not to obstruct the free market in line with a neoliberal approach to economic policy. (Fisher, 2003; Bond, 2010; African Development Bank, 2013). However, it was also clear that the legacy of racial and regional disparity caused by the apartheid era could not be left to the market to be resolved. An active role of the state was needed. The government therefore, took steps to address the needs of the disadvantaged groups through improved public service delivery such as low cost housing, water and electricity and social safety nets (Gray, 2006; Barchiesi, 2011).

Consequently, there has been a contention that South Africa cannot neatly be labelled as neoliberal, as the presence of social grants and labour laws in South Africa run contrary to typical neoliberal practices (Narsiah, 2002; Allence, 2004; Hart, 2004). South Africa has been applauded internationally for extending basic social services to millions after decades of neglect by the apartheid government. These services include the provision of almost 12.5 million houses since 1994 (Gray, 2006; South African News Government Agency, 2015). The government provides grants to more than 16million people (including more than 11million children), free schooling to more than 5million children and free meals to millions more (Gray, 2006; Paahla, 2015; African Development Bank, 2013). Social grants in South Africa do not define the state's trajectory away from neoliberalism. The neoliberal character of the state can be seen in legislative instruments such as labour laws and economic policies.

Laura Kapp (2013:15) argues, that labour laws have a distinctly neoliberal character. Moreover, Kapp (2013: 15) indicates how the introduction of The NEM (Normative Economic Model) as a macroeconomic policy framework in 1993 heralded the formal introduction of neoliberalism in South Africa. This was evidenced by its arguing for the “unfettered role of the market and the private sector as leading forces in the reconstruction and development process” (Lesufi 2002; Duménil, Lévy, 2004). The NEM followed pre-1994 debate as to the best approach to redress the legacy of apartheid in which there were two main approaches: a neoliberal approach emphasising profitability and “redistribution through growth” and an approach from the liberation movement emphasising state-driven “growth through redistribution” (Lesufi 2002; Pillay, 2003). With regards to the first approach, (Lehulere, 1996:4) reminds us that for the capitalist the goals of economic growth is not to foster social equity but to make profit.

The economic policies introduced by the ANC after 1994 had at their core, social and economic development, particularly for those who were previously disadvantaged. The first economic policy, the ‘Reconstruction and Development Programme’ (RDP) was based on the principles of integration and sustainability. The RDP sought to redress the injustices and imbalances of the past by linking reconstruction and development and generating growth through redistribution. Nation-building, the alleviation of poverty, the development of human resources and building the economy were defining features of this policy (Government Gazzette, 1994; Bond, 1997). Despite all these objectives, the approach used to get RDP to work was not feasible because of the lack of strong financial mechanisms as well as due to the growing influence of neo-liberalism (Duménil and Lévy, 2004; Hart, 2007) The RDP overall contained a set of ‘Keynesian’ macroeconomic measures, which stipulated that the state ought to take the lead in delivering services, housing and infrastructure to the majority of the poor, mostly black popular classes (Goodman, 2001; Lesufi, 2002; Magubane, 2004).

In 1996, the Growth, Employment and Redistribution (GEAR) strategy followed the Reconstruction and Development Programme (RDP) that was put in place at the end of the apartheid era in 1994. The GEAR strategy focused on macroeconomic stabilisation and trade, and financial liberalisation, as a priority to foster economic growth, increase employment and reduce poverty (Nick, 2004). Examples of neoliberal influences provided by Bond include endorsement of the 1992-1993 World Bank land redistribution plan which relied on market forces, and the assistance of World Bank economists to draft the controversial macroeconomic

Growth, Employment and Redistribution (GEAR) policy (Pillay 2003; Alence, 2004; Nathan, 2013).

The GEAR was designed along the neo-liberal convictions to economic policy where priority was given to liberalise the economy, allow prices, including exchange rates to be determined through market forces, protect property rights, and improve the environment for doing business (Adelzadeh, 1996; African Development Bank, 2013; Gumede, 2015). Former Minister of Treasury, Trevor Manuel stated that GEAR would create a faster growth cycle to deliver on RDP goals. The GEAR document also stated that it would increase annual growth to the average of 4, 2% and create 1, 35 million jobs by 2000, it would boost exports by an average of 8, 4% per annum and develop social structure (Taylor and Williams, 2000). The government failed in achieving GEAR's objectives even though it succeeded in reducing the budget deficit faster and keeping inflation lower than planned (Shane, Maree, Theron and Du Toit, 2010). There were varied reasons for failure including policy measures that were unable to promote private sector investment and deflationary fiscal policy (Shane, Maree, Theron, and Du Toit, 2010; Gumede, 2015).

Other reasons for GEAR's failure were due to interconnectedness brought about through globalisation. GEAR was drawn up almost solely by 15 economists picked from the World Bank as well as neo-liberal think tanks and various development banks (Bond, 1996; Republic of South Africa, 2006). South Africa also had to take a lot of economic advice from international financial centres that put pressure on the country to adopt macroeconomic policies which were not always favourable to the country (Bond, 1996). Moreover, at the root of the program was a great emphasis on commercialising as well as privatising the public companies and sectors in South Africa. Ultimately, the program cut government spending and secondary taxes on corporate profits (Bond, 1996; Lesufi, 2002; Alence, 2004)

While GEAR appeared to be a sure mechanism to get the country on its feet, the program faced multiple challenges. By the late 1990s GEAR was not delivering on the job or growth front. The 1998 financial crisis had also severely dampened growth projections. After the 1998 crisis some of the ANC leaders, including Mandela, were beginning to question global capitalism and whether it was delivering up to its earlier promises, as was made in the early 1990s (Desai, 2003; van Vuuren, 2013). The assumption that redistribution would come from job creation in a context of reduced public expenditures was not realistic. The global economic crisis in 1998

with a decline in world demand for South Africa's exports such as gold put an end to the GEAR strategy (Pallay, 2005; African Development Bank, 2013). Crucially, the post-apartheid neoliberal state sought to justify the imposition of neoliberal restructuring by appropriating Keynesian and developmental language and rhetoric from aspects of the RDP and by arguing that GEAR was the means to which goals of the RDP could be achieved. Behind the rhetoric however, GEAR represented the ultimate and final consolidation of ANC neoliberalism and its abandonment of even a paper commitment to Keynesian policies (Nattrass and Seekings, 2001; Nathan, 2013).

The Accelerated and Shared Growth Initiative for South Africa (ASGISA) policy established in 2006 also flopped dismally. The aim of this plan was to revamp and modernise the country's transport, communications and infrastructure while also revitalising national logistic systems and facilitating the adoption of sector specific investment plans (Republic of South Africa, 2006, Pallay, 2005, Bond, 2004) The plan aimed at improving policy implementation and economic growth by dealing with key challenges which included the lack of skilled and committed staff in the public service; the lack of human resource to implement policies; lack of people-driven development as well as corruption and mismanagement of funds. (Nattrass and Seekings, 2001; Nick, 2004; Gray, 2006; Nathan, 2013) ASGISA which was to human development based did not gain support from the private sector leading to its dissolution. ASGISA was also crippled by the presence of binding constraints such as the volatility and level of the Rand, shortage of skill labour amplified by the impact of apartheid spatial patterns on the cost of labour as well as barriers to entry, limits to competition and limited new investment opportunities (Carmody, 2002; Tshikululu, 2010).

ASGISA was followed by the New Growth Path (NGP) which was introduced in 2010. This plan had as its objective to place jobs and decent work at the centre of economic policy. This program had a striking resemblance to previous economic policies because of its emphasis on employment and economic growth. As part of its objective of economic growth, a target of 5 million jobs was set by the year 2020. Five job drivers were identified. These included: infrastructure, main economic sectors, seizing the potential of new economies, investing in social capital and public services as well as spatial development (Republic of South Africa, 2006). One of the key reasons the new growth path was not successful and would soon be replaced by the National Development Plan in 2011, was because research established that South Africa's economic growth was failing to soar to well above 10% to achieve the NGP 2020

target of five million jobs (Donnelly, 2011; Green, 2012). The second reason for the New Growth failure was due to its drive towards a lot of emphasis on the role of the state which was not supported by the broad elite in the ANC (Donnelly, 2011).

Besides the internal challenges that led to the failure of these socio-economic plans, internationally, the influences of globalisation cannot be ignored. To some extent, globalisation interfered with the ANC's adoption of the RDP, GEAR, ASGISA and NGP policies because while these programs emphasised social and economic development, the current global trends focused on developing international ties both economically and politically and allowing new technologies and forms of communication to impact the future (Taylor and Williams, 2000; Schneider, 2003; Hart, 2007). Consequently, the focus of South African state away was turned from pressing domestic matters to trying to keep up with the flow of globalisation (Taylor and Williams, 2000; Desai, 2003; Streak, 2004). Moreover, the influence of financial deregulation and information technologies rendered regulation and protection of domestic policies more difficult for the state. (Nick, 2004; Cerny, Menz, and Soederberg, 2005; Satgar, 2012). In summary, due to neo-liberalism, South Africa has been unable to fully adopt any of its national plans such as RDP, ASGISSA and NGP. It remains to be seen if the National Development Plan (NDP) will escape the fate of its predecessors. It is on that vein that this thesis in the following section will assess the outcomes of the implementation of neoliberalism on two key areas which are labour and unemployment and service delivery.

3.5. NEOLIBERALISM OUTCOMES IN SOUTH AFRICA

South Africa has made some strides over the past 22 years. Conglomerate (white) business, the aspirant black bourgeoisie, and black professionals have benefitted in the short term from the imposition of neo-liberal economic policies. Black professionals have also benefitted from promotions and more open employment practices as companies scramble to fulfill affirmative action quotas (Iheduru, 2004; Magubane, 2004; Freund, 2007). The conglomerates have benefitted from the tax concessions, the lowering of inflation, and the privatisation programme. They have also benefitted from steady exchange control liberalisation and from the opening up of new export markets and some new investment opportunities (Bond, 2004; Freund, 2007). However, in January 6, 2016, Nzimande also criticised the ANC for failing to transform the economy, which he said was another common failure of liberation movements.

"We have not yet transformed the colonial features of our economy with its dependency on exports of raw materials and primary goods. Our economy is still reliant on importing finished goods, or production by multinational corporations, from the bathroom to breakfast, from communication to transportation, from the clinic to the hospital, from the classroom to the lecture hall, right in the workplace where we are importing capital goods (Politics web, January 2016)."

The fact is that the wealth and poverty of nations are still determined by the dichotomy between raw materials on the one hand and manufacturing and advanced services on the other (Freund, 2007). South Africa has not managed to advance its state of manufacturing as it continues to export minerals partially processed thereby missing out on the full economic value of job creation and industrialisation (Deegan, 2001; Carmody, 2002; Iheduru, 2004). With the country's economy currently built on the extraction of South Africa's mineral resources, beneficiation stands out as the next 'economic frontier.' The government lists domestic mineral beneficiation as a key sector in its New Growth Path (NGP) strategy to create five million new employment opportunities by 2020. Despite these positives, there are substantial challenges that stand in the way of South Africa's mineral beneficiation success. Major obstacles for local beneficiation include imminent energy shortages, skills shortages and the identification and access of markets for locally beneficiated products. Neoliberalism has also constrained the ability of South Africa's ability to diversify its mining sector and communities.

As indicated earlier, constraints impacting mining growth were due to decisions made by the ANC leaders in the 1990s. From the ANC side, the constraint was mainly a concern to comply with world economic orthodoxy at a time their prior Moscow sponsors had abandoned Communism and were already applying neo-liberalism (Desai, 2003, Gumede, 2005; Bond, 2010). Bond identifies various constraints that hobbled Mandela's economic legacy which include the repayment of the US\$25 billion apartheid-era foreign debt. South Africa has been paying off the \$25 billion which was lent to stimulate the apartheid regime (Padayachee, 1994; Gumede, 2005; Bond, 2016). They have yet to recover from this, as the country's external debt has increased to \$136.6 billion while the amount of people in the housing backlog has increased to 2.1 million from 1994's 1.5 million (Padayachee, 1994; Bond, 2016).

Twenty three years later, the great globalisation leap of national liberation has been a great leap into dystopia as South Africa has instead shut down a lot of its manufacturing capacity. The deepening of the South African economy's immersion into global financial, production and

trade structures through macro-economic adjustment has produced a country with one of the highest unemployment rates in the world at approximately 40 per cent (Nathan, 2013; Bond, 2016). With the advent of the global recession, South Africa lost close to one million jobs in the context of already huge unemployment. A globalised South African state has reduced democratic space. This has happened through locking the country into a global power structure serving and reproducing the rule of transnational capital. The WTO, IMF, World Bank, G20, World Economic Forum, and the UN which are all crucial transnational policy-making forums (Turok, 2008; Habib, 2009; Bond 2010). These international institutions were not designed to serve global citizenship, but to ensure that global capitalism thrives. Through its participation in this global power structure it transmits a global consensus on what capital wants back into the domestic context (Deegan, 2001; Streak, 2004; Hart, 2007). Needless to say, there are several areas that have been impacted by neo-liberal policies which in turn have produced an unstable mining industry. However, due to limited space this thesis will only highlight a few which will discuss the neo-liberal impact on labour and unemployment, and service delivery.

3.5.1 State of labour and unemployment

Perhaps the most glaring evidence of the anti-social nature of the neo-liberal orientation of economic policy is reflected in the labour market (Rodrik, 2006). The drive towards international competitiveness has seen a shift in production towards skills biased technological change (Business Day: 2001). The result has been a massive drop in demand for labour at the bottom end of the skills market. This implies a large part of the working population that is unemployable (Morgan, 2002; Hull, 2006; Bexter, 2009). The demands of the South African people and working class which led to the defeat of the oppressive apartheid regime include, from this point of view, not only the abolition of institutionalised racism but also a real redistribution of wealth (Mebratie and Bedi, 2011; McKenzie and Pons-Vignon, 2012). The redistribution of wealth was sought both to empower people and communities in order to have their basic needs met, and address the historical imbalances created by racial capitalism. Under neoliberalism, poverty and unemployment increase, social expenditure is cut and inequality rises as the wealthy accumulate wealth free from constraint (Taylor and Williams, 2000; Desai, 2003; Streak, 2004; Gray, 2006; Faulkner and Loewald, 2008). As Lehulere (1996: 4) states, profit is seen as more important than “human needs” in the social system in South Africa and this is the cause of social inequality (Lehulere, 1996; Hart and Padayachee, 2013).

The tenuous position labour as a whole in South Africa, means that conditions are favourable to employers. The Basic Conditions of Employment makes provision for casualisation, labour broking and flexibility on the basis of operational requirements (Kapp, 2013). On the basis of the above analysis of the social grants which are no more than tokens, and the neoliberal (by virtue partly of their incredible flexibility) labour laws, it seems that the mere existence of grants and labour laws in no way impact on the identification of South Africa as neoliberal (Bramble and Barchiesi, 2003; Kapp, 2013).

Also central to the democratic transition is the impact of the ANC's macroeconomic strategy on the composition of the South African working class. A recent Reserve Bank report has shown that while wages (and productivity) for skilled workers have steadily grown, there has developed a growing gulf between the unionised and better skilled on the one hand and the masses of marginalised South Africans on the other (duToit and Ronnie 2012; Kapp, 2013). However, over the last decade, there has been an increase in "nonstandard" (temporary, casual, contract, part-time) forms of employment that heralds the ubiquity of a relatively unstable and non-unionised workforce (Buhlungu, 2010; Kapp, 2012; du Toit and Ronnie, 2012). This was evidenced during the 2015 "Fees Must Fall" movement which demonstrated the high level of outsourcing at universities.

Informal employment under neoliberalism is euphemistically called labour flexibility (Kapp, 2013). In its widest form this allows employers to hire and fire, raise or lower wages, and vary duties as they see fit and as their enterprise requires. Barchiesi (2003:114) asserts that statistical indicators concur that there has been a "quantitative decline of stable waged employment. Flexible' labour is insecure, and this also creates ideal conditions for exploitation. If workers in these situations complain, they can easily be replaced. Furthermore, their duties can be performed by another staff member there are no guarantees of employment or job description (Goodman, 2001; Buhlungu, 2010). Because of the replaceability of labour in South Africa, capital is in a powerful situation. Many labour laws apply only to permanent staff, so the increase in peripheralisation. (Barchiesi 2003:114) means that there are less constraints on employers who wish to thwart such laws.

Alongside widespread nonstandard employment is spiraling unemployment. The evidence of the last 10-23 years, however, has demonstrated that the influence of the neo-liberal reforms has ultimately proven to be a disaster (Kapp, 2013). Oxfam noted that South Africa has one of

the highest official unemployment rates in the world (25%) and is one of the most unequal countries, with a Gini-coefficient of 0.69 (Blaine, 2013). The wealthiest 4% of households receive 32% of total income while 66% of households receive only 21% of all income (Blaine 2013). The post-apartheid dispensation has seen the situation of the majority poor black working class worsening (characterised by increasing unemployment, a lack of adequate and affordable service delivery and exacerbated by rampant inflation). On the other side of the coin, a few elites have made it in capitalism (Bramble & Barchiesi, 2003; Blaine, 2013; Buhlungu, 2010; Netshitenzhe, 2014).

3.5.2. Neoliberalism and service delivery

Nationally, South Africa faces a massive backlog in service delivery. Some 203 out of 284 South African municipalities are unable to provide sanitation to 40% of their residents (Nathan, 2013). This means that in 71% of municipal areas, most people do not have flush toilets. A staggering 887 329 people still use the bucket system and 5 million people, or 10.5% of the population, have no access to sanitation at all (Nathan, 2013). The post-apartheid state's promise of an extensive roll out of service delivery in 1994 has been severely undermined by its long standing neoliberal approach to the provision of services (Habib, 2009). While the state has made some headway in rolling out services since 1994, thousands of communities living in rural areas and townships continue to receive inadequate services (Freund, 2007; Nathan, 2013). Moreover, the private sector approach has meant that where services have been provided, the costs have generally been transferred to poor communities who often cannot afford them (Tsheola and Sebola, 2012; Nathan, 2013).

The municipalities are thus understood by the national state as the most appropriate level of governance to carry out the objectives of service delivery and local economic development. However, in South Africa, in the municipal quagmire lies what is often called a struggle for the soul of the ANC, the government's genuine desire to improve municipal service delivery is trumped by other economic and political forces (Southall, 2004; Gray, 2006; Tsheola and Sebola, 2012). These moulding influences ensure that service-delivery priorities are no longer to provide the highest-quality public services to everyone (Hart, 2007). At a time when corporate capital accumulation far outstrips investment in the economy, public services offer an enormously lucrative ready-made market for an ever-increasing amount of available money not finding investment elsewhere (Hart, 2007; Sagtar, 2012). Privatisation is the neoliberal solution

to this business frustration which allows private business to own or provide public services. (Kahn; 2004; Tsheola and Sebola, 2012).

Bond, Dor and Ruiters (2000:18) further contend that it was World Bank influence in the development of the governments Municipal Infrastructure Investment Framework (MIIF) which resulted in the government agreeing to provide only minimal infrastructure and services to low income South Africans. In the field of health care, the bank promoted managed healthcare through policy and International Finance Cooperation investments (Bond 2000; Marais, 2000). Various scholars such as Morgan, Turok, and Marais also argued that it was the World Banks policy intervention in South Africa's housing policy for example, which entrenched the status quo at local government level by arguing for a reduction in the proposed subsidy levels and that more use be made of commercial banks (Marais, 2000; Morgan, 2002; Turok, 2008). In essence, services now have a commercial value. This money-based value has a deep effect on the way people see public services (Morgan, 2002; Allen, 2006). From being a service that is required if human needs are to be met, they have become a commodity, something bought and sold like anything at a supermarket (Marais, 2000; Morgan, 2002; Bondi and Laurie, 2005; Tsheola and Sebola, 2012). The privatisation of municipal services offers a boom opportunity to black business. For black business people, the struggle for political freedom has not led to the desired economic power (Magubane, 2004; Hart, 2007; Tsheola and Sebola, 2012). What black businesspeople can do instead is to draw on their political power to promote their business interests. Privatisation enables black political power to use the business opportunities created by the outsourcing of municipal services to promote black business (Southall, 2004; Gray, 2006; Hart and Padayachee, 2013).

Neoliberalism and black business incestuously intertwine with each other to ensure that providing a service becomes increasingly secondary to the prime objective of supplying contracts for black business (Hart, 2008; Bond, 2010). The result, according to the former Minister of Public Works, Gwen Mahlangu-Nkabinde, is that "contracts are given to people who don't have a clue what they are supposed to do" (Tsheola and Sebola, 2012; Hart and Padayachee, 2013). One outcome of this cluelessness is shoddy RDP houses that cost R58-billion to fix, to say nothing of the non-monetary cost of the pain and disappointment of the people who move into the new but defective houses, often after very long waiting periods (Hart, 2008). Sadly, Black business provides the essential protection for the rest of the private sector and helps legitimise neoliberalism (Morgan, 2002). Municipal dysfunction is but a symptom of

a wider disorder linking South Africa to the rest of the neoliberal world. Changing this world also means reforming the South African alliance between neoliberalism, transnational corporations, black business and Black Nationalism, an alliance obstructing any meaningful municipal turnaround. The one change implies the other, and thereby gives strength to both (Morgan 2002; Tsheola and Sebola, 2012).

3.6 CONCLUSION

This chapter has demonstrated how globalisation has served as a vehicle for neoliberalism. It is undeniable that global economic bodies and economically powerful groups of countries exert pressure on other countries to adopt neoliberal policies. In South Africa's case, it allowed the elite, into being pressured to adopt neoliberalism, to pursue their accumulation of wealth in favourable conditions, and allowed the wealthy elite in other countries to exploit South Africa's resources which have been exported partially benefited (Eric Sheppard, Helga Leitner, 2010; Schwab, Klaus, 2012). Held and McGrew (2003, 299) indicate that

“transnational organisation of economic power and activity now outstrips the regulatory capacity of states, even the most powerful. While global markets do not entail the end of the state as an economic unit, they nevertheless severely erode national economic sovereignty and impose on all governments' conservative fiscal policies and market-friendly economic strategies.”

Due to globalisation, the South African state has been unable to successfully implement home grown policies at its own whims. Instead, South Africa has been forced to take into consideration the trends of the time, which are centred on increasing economic interdependence between international economies across the world through a rapid increase in cross-border movement of goods, service, technology and capital (Nicki, 2004; Eroglu, 2010). The only way the NDP can work and grow mining communities is if South Africa takes control of the economy as was in the case with most Asian countries such as Malaysia and China.

This chapter has also illustrated how neo-liberalism impacted South Africa's national and local government's economies. Economic theory has long explained why unfettered markets were not self-correcting, why regulation was needed, and why there was an important role for government to play in the economy (Smith, 1994; Faulkner and Loewald, 2008). However, many people especially in the financial markets, pushed a type of market fundamentalism. The misguided policies that resulted being pushed by Western economic teams which inflicted

enormous costs on developing countries and are still felt in South Africa's local government sectors (Smith, 1994; Faulkner and Loewald, 2008). To date South Africa is still addressing the negative impact of neoliberalism discussed in this chapter such as the 2008 global impact, minimal economic growth, high unemployment and poor service delivery.

Needless to say, the state's capacity to shape capital is limited by the extreme concentration of ownership in the South African economy (Ponte and van Sittert, 2007). Black capitalism arrived too late in South Africa to sustain itself and pose any serious challenge to the domination of white monopoly capital. Unlike the growth of Afrikaner capital earlier, which was strongly supported by various state corporations, the state today cannot do much to support black capitalism when it is shedding its assets to market forces (Fine, 2012; Jacobs, 2001: 11) noted that BEE may have created a new black bourgeoisie, but it is not a new progressive fraction of black capital capable of carrying through the national democratic revolution that some once hoped for. Its wealth is derived primarily from financial and ownership restructuring and contributes little to economic and social development (Nicki, 2004; Hart and Padayachee, 2013).

The meaningful application of mineral industrialization at the local level clearly requires a special approach such as the modernisation theory. This theory is more applicable in adapting to South Africa's untapped resources and potential. The Sachs three economic stages can also be tailored to be inclusive of creative partnerships between civil society and government in developing low cost, high impact methods and techniques of delivery spurred on by a common vision. South Africa cannot change its current dismal record in mining industrialisation until it dumps the neoliberal theory and focuses on a strategic path such modernisation. This thesis is predicated on the belief that these disadvantages can be overcome by appropriate government policies, but such policies necessitate moving further away from the neo-liberal approach, and by embracing industrial policies which were shunned under the Washington Consensus programs (Macgregor, 2005; Soederberg, Menz and Cerny, 2005). Industrial policies which are already well established in the modernization model particularly in Asian countries are what helps shape the sectoral composition of an economy. The industrial policy term is used more broadly than just those policies that encourage the industrial sector. A policy which encourages agrobusiness, or even agriculture, is referred to as an industrial policy (Macgregor, 2005; Graafland, 2007; Niels, 2008). Such government policies can enhance the ability of local government economies to seize an even larger share of global foreign direct investment, to

create new domestic enterprises and to expand existing enterprises. (Greenwald and Stiglitz, 2003)

From a local governance perspective, this may involve forceful policy directives aimed at making sure that monetary contributions are derived from the local extractive industry and utilized in the establishment of a diversified and sustainable local economy (Tsheola and Sebola, 2012). Moreover, this can be achieved by developing mining activities in collaboration with other complimentary economic activities to create a platform for a diversified local economy beyond the mines life (Loots, 2006; Bexter, 2009). However, for this to be executed efficiently, the sustainable LED strategy must be formulated based on the nature and the ability of all stakeholders to play a role in the LED process coupled with the identification of roles, boundaries and responsibilities that each stakeholder has to perform (Eggert, 2006; Di Boscio and Humpreys, 2007).

CHAPTER 4

LOCAL ECONOMIC DEVELOPMENT THROUGH MINING IN SOUTH AFRICA

4.1 INTRODUCTION

The National Development Plan (NDP) envisages that by 2030 South Africa will be a state that is able to play a developmental and transformative role in South Africa. In broad terms such a state intervenes to support and guide development in such a way that benefits accrue across society, with particular emphasis on the poor (Pieterse, 2007). Drawing from the White Paper on Local Government, the NDP maintains that for South Africa to meet its developmental objectives, local government must be committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives (Sebola, 2015, Madue and Pooe, 2015, National Development Plan, 2013). Therefore, South African local government is at the forefront of participatory democracy, involving citizens in meaningful deliberations regarding governance and development.

Local government is able to cost-effectively increase the quantity and quality of services and operates within a supportive and empowering intergovernmental system (Sebola, 2015, Malefane and Mashakoe, 2008). The NDP, however, cautions that a developmental state such as South Africa, cannot materialise development by decree, nor can it be legislated or waved into existence by declarations. It has to be consciously built and sustained through local government. In essence, local government is at the centre of development, and to achieve the aspiration of a transformed and effective local government system will require strong leadership through a clear and consistent, long-term strategy (Sebola, 2015, Madue and Pooe, 2015, National Development Plan, 2014). Local governments are defined as political units or instrumentalities constituted by law which have substantial control over local affairs and likewise have the power to tax. Local governments have defined areas, populations, continuing organisations, and the authority to undertake and the power to carry out public activities in a particular area.

Around the world, local governments increasingly perform a pivotal economic developmental promotion role within their localities. In both developed and developing countries, local

governments provide strategic guidance to Local Economic Development (LED) promoters by actively coordinating and consolidating their actions towards achieving strategic local economic development objectives. They also intervene to enhance regulatory environments and invest strategically directly or through innovative public-private partnerships to address their economies' infrastructure and developmental needs (Mogale, Mhone, and Edigheji, 2003).

South Africa following its first democratic elections, has implemented various processes of significant local government reform, as well as fast integration into the global economy. However, these processes have placed significant challenges in the operations of South Africa's local municipalities. Local municipalities do not only have to transform themselves into more democratic structures, but also need to address apartheid outcomes such as poverty and unequal access to services. South Africa faced challenges in facilitating LED in mining based communities. LED was to promote an economic possibility of solving the problems of underdevelopment of communities within the context of the Mineral and Petroleum Resources Development Bill of 2002 (MPRDA). Particularly in the context that communities in the Republic of South Africa (RSA) are endowed with enormous economic possibilities which can be used as a means to jump-start their own economic advancement.

This chapter will therefore seek to examine whether LED has been used as an engine of the development through mining in South Africa. The MPRDA is a critical legislative tool for LED growth as it utilizes mineral beneficiation as an economic development tool to ensure industrial benefits such as manufacturing, infrastructure development, and job creation. In examining LED through mining, the chapter discusses the background to LED, LED in South Africa, typologies of rural communities and its constraints, mining development in South Africa, and the current state of South Africa mining. The section on rural typologies looks at issues such as capacity, community participation, and business attractiveness for LED growth. The section on development in mining assesses issues such as mining segregation and globalization. The current state of mining focuses on areas such as nationalization, Black Economic Empowerment (BEE) and labour issues.

4.2. LOCAL ECONOMIC DEVELOPMENT BACKGROUND

Typically, local government has an interest in attracting investment based on promoting the comparative advantages of the area for competitive industries, as well as supporting the growth of local enterprises. The socio-economic problems that Local Economic Development (LED) seeks to address in South Africa are economic dualism and marginalisation which are a result of the continuing effects of apartheid. These socio-economic problems are also exacerbated by the current impacts of globalisation, such as the typical short-term costs (in particular the loss of jobs) of a country trying to restructure an economy characterized by low competitiveness (Ballard and Schwella, 2000; Mongake, 2004). During the apartheid era, LED in South Africa was confined to smaller decentralised initiatives with emphasis placed upon location marketing instead of international competitiveness as a strategy to attract inward investment. Consequently, South African cities, towns and rural areas are still characterised by divisions. Spatial economics have been entrenched in the system as rural communities remain placed a long distance apart as a majority of employment opportunities are located close to a minority of the population (Horn and Lloyd, 2001).

4.2.1 Local Economic Development defined

South Africa's LED planning was crafted to address the enormous legacy of apartheid, mainly inequality and has resulted in a strong and distinctive poverty focus (Rogerson, 1999; Sebola, 2015). According to the Department of Cooperative Affairs, the evolution of LED policy in post-1994 South Africa is closely associated with the transition to developmental local government. LED is defined as an approach directed towards the promotion of economic development. It is an approach that takes local development a step further (COGTA, 2004). Section 153 of the South African Constitution clearly states that the municipalities must prioritize the basic needs of the community and promote socio-economic development (SA Constitution, 1996). In essence, LED is aimed at producing economic benefits and an improved quality of life for all citizens within a municipal area. LED programs are nonetheless expected to increase the economic prospects of municipalities and to contribute simultaneously to raising the elasticity of the macro-economic growth of the South African state (Nel and Rogerson, 2005; Lawrence and Hadingham, 2008; Maserumule, 2008, Grant, and Dollery, 2010; Sebola, 2015).

LED in South Africa is mandated in a range of policy and development frameworks which complement and support each other. Overarching strategies include the National Framework for LED (NFLED, 2006-2011), which aim to, *inter alia*, support the development of sustainable local economies, enterprise support and business infrastructure development, and the 2005 Provincial Growth and Development Strategy (PDGS). The PGDS framework allows provincial governments to play a leading role in ensuring that economic planning, infrastructure investment and development spending take place in accordance with the principles set out in the National Spatial Development Perspective (COGTA, 2006). The PGDS is a critical tool to guide and coordinate the allocation of national, provincial and local resources and private sector investment to achieve sustainable development outcomes. (Perri, Leat, Seltzer, and Stoker, 2002; Maserumule, 2008).

It must be noted that the 2006 COGTA policy framework reveals an important shift in the way local governments should try to achieve economic growth and poverty eradication, since it introduces notions of local competitive advantage (Dorfling and Naude, 2001; Mokale & Scheepers, 2006; Rogerson, 2008; Akah, 2008). The fact is, LED is concerned with the creation of an environment which will engage stakeholders in implementing strategies and programmes. This perspective has to be aligned with the South Africa's macro-economic strategy which has re-entered the global market, by providing a climate which is amenable to international investments, enhancing the role of the private sector, and promoting sustainable growth and local government development (Fair, 1982; Malefane, 2008, Lawrence and Hadingham, 2008).

The National Framework for LED in South Africa has been developed as a guide that seeks to advance an understanding of LED and has put forward a strategic implementation approach that municipalities, provinces, national government, state-owned enterprises and communities may concentrate on in order to improve local economic development (Khuzwayo, 1999; Mokale and Scheepers, 2006; COGTA, 2007; Maserumule, 2008). The focus of the South African LED Framework are on four areas: (1) Improving good governance, service delivery, public and market confidence in municipalities, (2) Spatial development planning and exploiting the comparative advantage and competitiveness of Districts and Metros, (3) Enterprise support and business infrastructure development, and (4) Introducing sustainable community investment programs (Patterson, 2008). The national and provincial government provides support for municipalities in developing local economic strategies while the Department of Cooperative

Governance and Traditional Affairs (COGTA) has identified the following as the key principles underlying LED in South Africa:

- LED strategies must prioritise job creation and poverty alleviation.
- LED must target previously disadvantaged people, marginalized communities and geographical regions, black economic empowerment enterprises and SMME to allow them to participate fully in the economic life of the country. LED involves local, national, and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build local areas.
- LED uses local resources and skills and maximizes opportunities for development. LED involves the integration of diverse economic initiatives in an all-inclusive approach to local development. There is no single approach to LED. Each locality may develop an approach that is best suited to its local context.
- LED promotes local ownership, community involvement, local leadership and joint decision making.
- LED relies on flexible approaches to respond to changing circumstances at local national and international level. (COGTA, 2006).

The National Framework for local economic development has come to be an essential tool for LED in municipalities. The platforms of municipal development plans are aligned with the concepts and guidelines provided in the National Framework for local economic development. The National Framework is based on a new thinking on local economies that focuses on critical engagement between the institution-building amongst municipal stakeholders. This focus on institution-building looks at the building capacities of municipalities through effective partnerships within the municipal environment (Mokale & Scheepers, 2006; COGTA, 2007). This results in local government, the private sector, non-profit organisations, and citizens working together in mutually beneficial relationships that subsequently transform the local economy.

Based on the National Framework, LED is supposed to overcome market failures and the challenges in the global market structure. LED is also supposed to galvanize the population towards a common objective and sense of purpose (Taylor, 2002; Mogale, 2003, Meyer-Stamer, 2003; Malefane, 2009). Notwithstanding the fact that LED is supposed to stimulate citizens towards participation and entrepreneurial ventures, guarantees suitable conditions for sustainable employment, and promotes favourable environment for human development. This is consistent with the fight against poverty and social inclusion, assures environmental safety and leads to the reorientation of economic and social policies towards “bottom-up” development strategies (Canzanelli, 2001; World Bank, 2003; Pritchett and Woolcock, 2004; Malefane and Mashakoe, 2008; Madue and Pooe, 2015). In an effort to establish the objectives and challenges of LED development, the next section will focus on rural typologies of LED in rural communities.

4. 3. TYPOLOGIES OF LED IN RURAL COMMUNITIES

Rural communities in South Africa have generally had poorer access to services and have experienced lower rates of improvement over time when compared to urban municipal areas. According to the Economic Research Service (ERS) (1994: 1) “the typology is based on the assumption that knowledge and understanding of different types of rural economies and their distinctive economic and socio-demographic profiles can aid rural policymaking.” However, in practice some experts have used typologies as a characterisation tool, to help assemble a clearer picture of the community needs and opportunities within an area. In assessing LED in South Africa it is critical to determine the various types of LED in communities. Currently, there are various community typologies such as the agriculture dependent municipality, manufacturing depended municipality, and the government depended typology which can be identified in table one below.

Table 1: Typologies of SA communities

Community Types	Description
agriculture-dependent municipalities	They tend to be remotely located, with a sparse and declining population and economic decline. Typically, these communities have farming projects, projects
mining-dependent municipalities	They also tend to be remotely located and tend to attract a lot of migrants
manufacturing-dependent municipalities	These tend to be more urban in character and are more prominent in places such as Durban or Cape Town, and Industrial development zones such as East London. They typically have larger populations and slight growth in employment. It must be noted that there is a decline in some of these municipalities due to factory shutdowns in textiles
government-dependent municipalities	These ones are scattered across the country and usually do not have any natural resources they can fall back on, or major companies based in their communities. They solely rely on government and community projects to survive
Tourism dependent municipalities	South Africa has been successful in diversifying its economies to not only depend on natural resources but also promote tourism projects
Blue Economy dependent municipalities	This is a new trend which is designed to promote projects such as Phakisa in communities to boost ocean economies such as fishing

(Source: South African Department of Treasury, p21)

The mining dependent municipality and the agricultural dependent municipality have a lot in common as they both tend to be remotely located. However, unlike the agriculture dependent community, the mining dependent municipality are not necessarily in economic decline, and tend to attract a lot of migrants.

According to the Treasury Department, typologies in rural areas such as mining and agriculture tend to depend on a combination of subsistence agriculture, social grants and remittances from family members working in the cities or mines. Rural mining municipalities are home to larger numbers of women than men, and to generally younger populations than urban municipalities (Department of Treasury, nd: 4). Moreover, rural mining communities are not homogenous, and development strategies usually need to account for wide variations in demographic, social and economic contexts and needs as well as available institutional capacities. The

economically active in rural mining municipalities is also considerably smaller than in urban areas and their economies are typically less diversified than their urban counterparts (Department of Treasury, nd: 4). Furthermore, household assets are often tied to traditional forms of land tenure, making it difficult for households to leverage their assets to generate wealth. Finally, people in rural municipalities such as your mining communities are also less likely than their urban counterparts to have school qualifications, and formal employment opportunities in rural areas are limited. It is also important to stress that rural mining communities, tend to depend on government, community and social services which contribute more than 35 per cent to total gross value added (Department of Treasury, nd: 5).

4.3.1 Addressing LED constraints in rural communities

There is a broad range of LED constraints in rural communities. For the purpose of this thesis only the following will be highlighted: limited capacity, spatial geography, survivalist tendencies, lack of business attraction, and lack of municipal involvement.

4.3.1.1 Capacity

Capacity challenges which were already raised in the SMME discussion have to be taken into account in order for mining communities to effectively take advantage of the natural resource wealth through LED projects. James and Wong (2006:9) argue that the most common causes of project failure are: minimal training, unclear roles and responsibilities, inadequate estimation of required human resources and efforts, inadequate project monitoring and control, inadequate project management skills, inadequate risk management and poor project planning. The issue of capacity speaks to a broad range of issues which could include lack of funds, skills shortage, sustainability and role clarification issues which are crucial during the implementation of a project.

Municipalities also face challenges at capacity level which begs the question regarding the role of the State. Section 154 (1) of the Constitution of the Republic of South Africa 1996, clearly stipulates that the national and provincial government is required to develop capacity at the local government level. Ajam (2012:6) argues that although the national government has spent a considerable amount of money on capacity development post 1994, very little of this has translated to increased capacity in local government. Instead, the municipal human resources sector is characterised by recruitment practices which are weak; key vacancies and political

involvement in appointments and dismissals; limited capacity to attract and retain technical skills and ineffective performance management systems

According to Cohen (2010, 11), local municipalities are still failing to fulfil their legal requirements to ensure participation of communities in local government processes due to human resources. Cohen (2010, 11) states that “officials in local municipalities often double up their functions and are responsible for diverse issues such as communications, local economic development, and special programmes. This might have a negative impact on the proper implementation of LED projects as LED officials are expected to drive the implementation process (Cohen, 2010:11).

Deloitte and Touche (2011: 3) highlight municipality capacity and implementation challenges which are due to various factors such as municipalities being expected to turn themselves around through inadequate capacity and come up with their own solution. Deloitte also indicated that funding for the required capacity and effective local interventions was not only limited, but focused on quick fixes designed to achieve compliance with minimum requirements, as opposed to long-term, sustainable solutions executed with a scientific plan and change management.

4.3.1.2 Alignment

According to Thobatsi (2014:2) one of the key challenges with alignment at local government level is how mining companies deal with related community grievances and risks, capacity constraints at local government and the DMR, poor stakeholder engagement, and the backlog of service delivery which speak to lack of partnerships and alignment. There has been a constant lack of common understanding contributing to poor LED results is that of the respective roles particularly between the province, the district and the local municipality (Kgalema, Rakate and Mamogale, 2012; Thobatsi, 2014). The National government, provincial government and local government were established as three elected spheres of government, each with distinctive functional responsibilities. The Constitution requires the three spheres of government to function as a single system of cooperative government for the country as a whole (COGTA, 2006). The developmental objectives of the NDP also require that the spheres of government work together (Western Cape Government, nd: 3). The Integrated Development Plan of a municipality is where alignment is supposed to be enacted.

However, partnerships and intergovernmental collaborations have not always sufficiently addressed the goal of inclusive economic growth. This may be due to their being subject to gatekeeping and other undemocratic practices, as powerful players are more adept at interacting with the state to support their own ends; and the state sometimes lacks the capacity to include the broader community in the benefits of economic growth promotion (Kemp & Bond 2009; Kgalema, Rakate and Mamogale 2012; Niekerk, 2015). A well-functioning governance system depends on the state to effect alignment between all stakeholders through a set of linkages, combined into an efficient and effective functioning process such as LED.

4.3.1.3 Spatial Economics

Spatial economic development is generally uneven at all levels, at city, district, national, continental and even global level which promotes various constraints in the typologies of rural communities. The spatial disadvantages of rural mining communities has acted as a brake on economic opportunity and high concentrations of unemployment. In 2006, South Africa launched the National Spatial Development Perspective (NSDP), which was another acknowledgment of the existence of spatial economic disparities across regional economies in South Africa. Spatial inequality remains difficult to overcome, because it is structural in a very literal sense. This dimension of inequality has become entrenched because it is integral to the apartheid legacy, with a range of important social and economic dimensions affecting economic development and inclusive growth. Due to spatial dynamics, rural communities in South Africa have generally had poorer access to services, and have experienced lower rates of improvement over time when compared to urban municipal areas (COGTA, 2011b: 5; Harmse, 2010). To date, rural municipalities battle with service provision to spatially dispersed communities. In many instances, bulk infrastructure capacity inhibits service delivery, and the cost of such investment is often prohibitive. The lack of road infrastructure has hindered the locals from effectively engaging the market which is essential for economic growth (Turok and Borel-Saladin, 2013)

The mining industry is clearly one of the few economic activities that could promote spatial infrastructure links to both its immediate surroundings and the local, provincial, national and regional economies, if appropriately configured. Minerals are usually regarded as a catalyst of development in as far as they can provide the basic infrastructure (road, ports ,rail, power and water) that can open up previously isolated areas or enhance existing areas of low economic activity (Roux,2013). Implementing visible infrastructure such as roads and bridges has

become one of the new methods of corporate social responsibility by mining companies in an effort to win the hearts and minds of surrounding community members (Makgetla and Dicks, 2014). Infrastructure development is also considered more strategic due to its visibility and capacity to measure company contribution. Spatial economics may be dented through the move towards infrastructure which could also resolve the matter of spatial geography which has contributed to the isolation of most rural mining communities (Murray, 2013; Makgetla and Dicks, 2014)

4.3.1.4 Survivalist SMME Enterprises

In South Africa, the survival rate of SMEs is one of the lowest in the world which poses as a major constraint for LED growth in rural mining communities. Turner, Varghese and Walker (2008:8) argue that SMMEs across townships and rural communities are classified as survivalist in nature, and are exposed to severe challenges that hamper their growth potential. Little capital is invested in survivalist enterprises and therefore they do not generate as much as necessary income and assets, the owners possess inappropriate business skills and training to run the business, and the opportunities for growing in the mining sector are limited. Moreover, survivalist enterprises in mining communities are typically undertaken by persons with limited skills capacity whose primary objective is to survive economically (Turner, Varghese and Walker, 2008).

According to Department of Trade and Industry, National Business Act of 102, 1996, the South African government has responsibility to support the development of SMMEs. There is also a problem in the setting up of social SMME projects through the mining sector, which requires oversight from both the communities as well as the mine management to get different levels of government departments involved (Cronje and Chenga, 2005). Furthermore, there are also work ethics issues that have to be dealt with as historically, local community members have been disadvantaged in terms of apartheid and the employment in favour of migrants (Hamann and Kapelus, 2004). The impact of this is that the local population has a limited work culture, which is reflected by their attitudes to work, for example the rate of absenteeism (Cronje and Chenga, 2005; Hamman and Kapelus, 2004).

Mkhize, Nowele and Hadingham (2007:6-10) conducted a study for the Department of Economic Development with regard to the implementation of LED projects that were SMME

based in relations to their survivalist nature, and some of the findings were the following: the lack of continuity due to changes in political leadership, changes in staff involved in projects and changes of LED policy and approach; lack of availability of project documentation which is also linked to the aforementioned problem; lack of follow up as a lot of time is spent in conducting feasibility studies; communication with beneficiaries seems to be very haphazard; and poor management of service providers in terms of transferring the skills to project beneficiaries and project sustainability (Mkhize, Nowele and Hadingham, 2007; Organisation of Economic Co-operation and Development, 2013; Makgetla and Dicks, 2014).

4.3.1.5 Community participation

Historically, there has been a great amount of tension between mining companies and the communities where they operate. This tension stems from the inequity of apartheid as the activities of the mining houses were inextricably linked with colonial and subsequently *apartheid* policies through the migrant labour system. The MPRDA has various clauses such as the Social Labour Plan (SLP) and articles to promote transformation in the mining sector which require community participation in development. Community development is supposed to be implemented through Social Labour Plans (SLP) (Department of Mineral Resources, 2009). A community development program is a socio economic programme aimed at development and reconstruction of the rural society (Lee, 2006). It aims at involving people in the development programme and making them self-reliant and co-operative. It also aims at encouraging them to take to new means for the development of the rural society (Lee, 2006; Chanan, Garratt and West, 2000). Because it aims at involvement and participation of the rural people, it is carried out by institutions of local self-government and local administration in the rural areas. In essence, community development based projects are established in most of the communities as a strategy to create jobs and alleviate poverty (Lee, 2006; Powell and Geoghegan, 2004)

Section s 23, 24 & 25 of the MPRDA requires mining companies to submit a Social and Labour Plan (SLP) when applying for mining rights, and the local economic development (LED) programs and processes to save jobs and manage downscaling and/or closure. The SLP must also be aligned with the local and district municipality Integrated Development Plan (IDP) which must accord with the Provincial Growth and Development Strategy (PGDS), National Spatial Development Strategy (NSDS), National Priorities and any other relevant policy documents (Department of Mineral Resources, 2010). Furthermore, the SLP requires applicants for mining and production rights to develop and implement comprehensive Human Resources

Development Programs (HRDP) including employment equity plans (MPRDA, 2004). The afore-mentioned measures are aimed at promoting employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development.

The Board Based Black Economic Empowerment Charter referred to as the “Mining Charter,” is also an instrument of the MPRDA to effect transformation with specific targets. Social conditions are also one of the key elements where the Mining Charter, Article 26 emphasises that Mining companies must meaningfully contribute towards community development, both in terms of size and impact, as they form an integral part of mining development, thereby requiring a balance between mining development and mine community socio-economic development. This afore-mentioned requirement is in keeping with the principles of the social license to operate. The Charter also states that meaningful consultations and coordination between the mining industry and local municipalities is a critical element in ensuring mine community development. Mining companies also supplying capital goods to the industry are required to make an annual contribution of no less than 1% of the income they generated from local mining companies towards a social development fund for the socio-economic development of local communities (MPRDA, 2004).

The 2009 Department of Minerals Mining Charter review found that less than half of the companies participated in the design of Integrated Development Plans (IDP). The findings stated that 63% of mining companies consulted with communities when drafting their SLPs and 49% participated in the IDP formulation while 37% showed proof of expenditure in accordance with approved SLPs. Moreover, the 2009 review, in regards to whether mining companies were complying with mining laws, determined that less than half of the companies participated in the design of Integrated Development Plans. Furthermore, there was only minimal local economic development from the mining sector (Department of Mineral Resources, 2009). Consequently, rural community members directly affected by mining operations are still not receiving the potential benefits offered by the respective extractive industries which has a direct impact on the rural typology of rural mining communities.

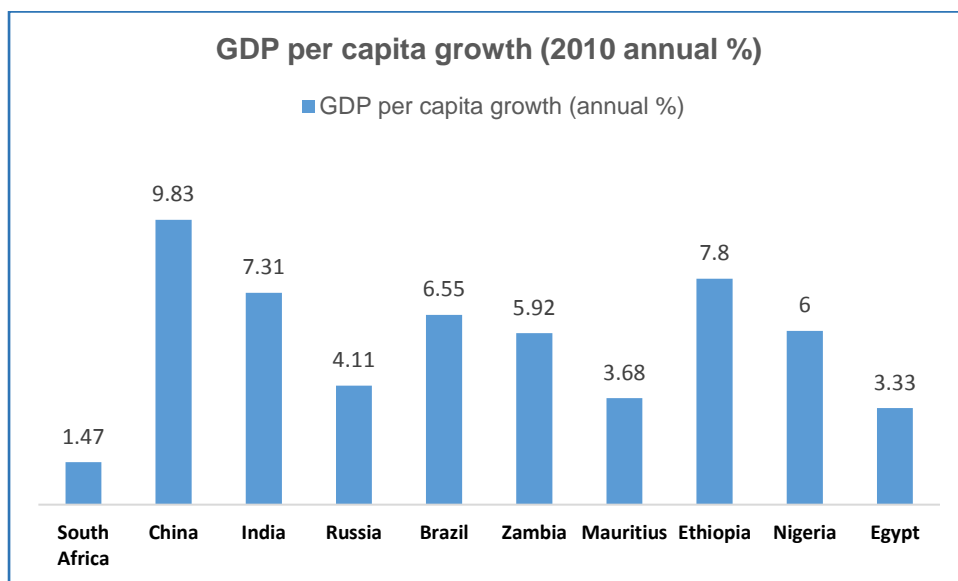
A study by Cronje and Chenga (2010:2) found that the relationship between the mining sector and communities was unhealthy. There is a general level of mistrust and antagonism between mines and communities. Mines are also not knowledgeable of the community needs, resulting in ineffective project initiatives which in turn mines interpret as resistance of participation from

communities (Cronje and Chenga, 2010). Consequently, mining communities associated with the extraction industry, have found themselves in a more vulnerable position because the government may not be in a position to support them due to various international pressures. According to the World Bank (2002:23), the importance of good communication between the company and the communities is critical. Companies should begin early, be open and provide ample information in the local languages (World Bank, 2002). Developing partnership is also a challenge as it also takes years to develop. Therefore in the interim, the World Bank recommends, higher-level governments should fund institutions to provide advice and training to the local community members (Cronje and Chenga, 2010).

4.3.1.6 Business competitiveness and LED

The lack of business competitiveness at local government level also speaks to constraints of LED growth in rural communities. Moreover, a (2013: 51) World Bank LED investigation suggested many challenges for business attraction and LED in South Africa, where a large number of CEO's that were interviewed from manufacturing firms indicated that they were affected by some of the following challenges: labour regulations, corruption in government, and skills shortages. The World Economic Forum (WEF) defines competitiveness as "the set of institutions, policies and factors that determine the level of productivity of a country" (World Economic Forum, 2014). The WEF uses 12 measures to determine competitiveness such as institutions, infrastructure, health and primary education, higher education and training, goods and market efficiency, labour market efficiency, and technological readiness (World Economic Forum, 2014; Pillay, 2015). With the advent of globalisation in the latter part of the 20th century a country's competitiveness to attract investment, together with its ability to produce goods and services at globally competitive levels, has become critical for both national and local economic growth. Notwithstanding the fact that local communities are part of the global community and competitiveness promotes attraction of the global market. Key challenges that undermine South Africa's competitiveness are supported by basic facts that South Africa is in the bottom 20% with regard to the quality of its education system, the business cost of crime and violence, HIV prevalence and labour market efficiency (Brand SA, 2013; Pillay, 2015). It is clear from the chart below in figure 1, that South Africa lags behind its developing peers by some margin in per capita GDP.

Figure 1: World Development Indicators



(Source: World Bank. 2010. World Development Indicators Database)

For LED mining projects to succeed in the global economy, they will first need to examine how to promote attractiveness at local government level which includes the effective implementation of sustainable SMME's (de Campos Guimaraes, 1998 in Hindson and Vicente-Hindson, 2005). Sustainable SMME's would facilitate effective LED projects which in turn would promote business attraction, promote job creation, and diversification which is the cornerstone of the MPRDA. The state must not be left out of this equation as is at the centre of improving developmental competitiveness at local and national government level. Having presented some of the challenges that constrain rural communities, the next section will discuss the development of mining in South Africa with a focus on mining and segregation.

4.4 DEVELOPMENT OF MINING IN SOUTH AFRICA

That South Africa has been built on the back of mining is no understatement. For nearly 150 years, mining has been the driving force behind it's economy. The European "discovery" of diamonds in Griqualand in the 1860s led to the first diamond "rush" by Europeans from all over the globe (Smit, 2013; Donovan, 2013). This was repeated for gold in the Barberton Mountain Lands and Sabie in the 1870s and later, when the world's largest gold formation, the reefs of Witwatersrand System, was exploited by the European invaders. Indeed, the process of

colonisation and the various wars that were fought, including the Boer War, were a manifestation of such European corporate interests (Fine and Rustomjee, 1996; Short and Radebe, 2009). South Africa boomed as towns sprung up on the gold and diamond fields, immigrants and migrant labourers flooded in to find their fortune and ancillary businesses were established by entrepreneurs eager to capitalise on the opportunities presented to them (Short and Radebe, 2009; Kearney, 2012; Smit, 2012). Within decades, the economy was transformed from one based on agriculture and trade into a thriving economy based on the rich mineral reserves underground.

The second effect of the discovery of gold in South Africa was the ascension of mining houses which were Anglo American, De Beers, Goldfields, Rand Mines, Gencor/Billiton, and Harmony created the Chamber of Mines which became a mining oligopoly (Short and Radebe, 2009; Antin, 2013). At first, the mining houses' sole purpose was to acquire capital - with particular focus on the attraction of foreign investment. A case-in-point was Anglo American, which was founded to mobilise capital from British and American investors (Diamond Source, 2009; Antin, 2013). The mining houses characterised the production of the country's most valuable minerals and economic growth. For example, according to Fine and Rustomjee (1996:98), from 1932, there were 57 gold mining companies which were largely controlled by the afore-mentioned mining industry.

Later on, this mining industry developed into conglomerate forms whose power was partly included in the control of the financial sector. The mining houses created the South African Rand, and capital markets by functioning as investment banks, pioneered other mineral resources besides gold, and used their economies of scale to centrally purchase material, employ highly skilled labour to form a central intelligence unit, and monopolise the unskilled labour market (Chamber of Mines of South Africa, 2012; Butler, 2013; Antin, 2013; Smidt 2013). The mining houses basically ensured that South Africa's mining history through European colonial power is maintained through a global network that would mainly benefit South African elites and the West. The development of mining in South Africa is characterized by its previous segregation and the current global challenges. This is demonstrated in the following discussions on the role of apartheid and globalization on mining.

4.4.1. Mining and segregation

Despite the progress made in the mining sector since its discovery in the 1870's, the majority, the Africans have never fully benefitted from the country's mineral wealth. The local inhabitants were denied diamond claims and relegated to the role of labourers for the invaders (Short and Radebe, 2008; Smidt, 2013; Donovan, 2013). In essence, the systematic marginalisation of the majority of South Africans, facilitated by the exclusionary policies of the apartheid regime, prevented historically disadvantaged South Africans from owning the means of production and from meaningful participation in the mainstream economy (Esterhuyse, 2003). The interventions of the apartheid state in the minerals sector are well documented and spanned a period of several decades from 1948. To maintain profitability, the mining industry required cheap labour and consequently looked outside its borders. Cronje and Chenga (2009; 420) argue that white labourers who were imported for their mining skills and experience shortly after the discovery of gold in 1886 not only saw blacks as a threat to their relatively high wages, the white unions, among other things, forced the industry and then the government to adopt the 'colour bar', banning blacks from skilled jobs and preventing black workers and their families from settling permanently in mining towns. These policies were the forerunner of the apartheid system, and their continuing impact on mining communities has been identified as a major cause of stagnated development in these communities (Fine and Rustomjee, 1996; Cronje and Chenga, 2009; Smidt, 2013).

Due to the interventions of the apartheid state in the mineral sector, the local mining communities were also affected. As a consequence, most mining communities in South Africa are characterised by poor social and economic conditions such as poverty, unemployment, and poor infrastructure. Despite the new political dispensation of 1994, these conditions still persist in South African mining communities (Mbendi, 2007; Cronje and Chenga, 2009; Butler, 2013; Bexter, 2013). Mining communities in South Africa are unique in being mainly isolated, originally rural, with high illiteracy rates, and more dependent on the mining companies for their livelihood and development than anything else.

4.4.2. Mining and globalisation

Mining contributed directly to the establishment of the Johannesburg Stock Exchange, the development of infrastructure, providing the catalyst for the development of other economic sectors and, in so doing, elevating the status of the South African local economy (Smidt, 2013). The mining industry exerts a strong influence on the currency of the Republic. The South African Rand was introduced in 1961, prior to the country becoming a Republic and replaced the British Pound. The currency is so-named as a nod to the Witwatersrand in which a vast wealth of South Africa's gold deposits are found and on which Johannesburg was founded (Smidt, 2013; Mitchell, 2013). To this day, the rand continues to be inextricably linked to mining. Given that minerals and metals contribute such a hefty portion of our export revenue, its foreign exchange value is highly sensitive to the price of minerals and production, fluctuating up and down as the price of gold and other commodities rises and drops or when labour unrest on the mines threatens production (McKenzie, and Pons-Vignon, 2012; Mitchell, 2013). The sector brings in an annual income exceeding R330 billion and accounts for 20% of all investment in the country. Mining also contributes significantly to the State Treasury – around R17 billion in corporate tax and R6 billion in royalties (Ernst and Young, 2013).

Currently, the mining industry, which contributes around 7 percent to the South African government economy, is struggling with sinking commodity prices, rising costs and labour unrest (Ernst and Young, 2013; Smidt, 2013). It was during the global down turn period of 2008 to 2011 that today's pressing issues of underperformance, labour disputes, nationalisation, and the debate around the right policy approach towards the mining industry emerged (Antin, 2013; Solomon, 2013). The mining industry has also performed poorly compared to other major industries. Although the opening up of the economy had led to substantial capital flight by domestic firms, it had also facilitated an inflow of capital that was absorbed by the private sector and used to support largely non-productive activities.

4.5. THE CURRENT STATE OF SOUTH AFRICAN MINING

Despite the democratic transformation measures implemented over the last 22 years, the South African mining industry is still predominantly white controlled, and emphasis is being placed on stimulating black empowerment in the industry. This is particularly the case following the MPRDA which favours involvement of previously disadvantaged communities in South Africa's mineral resources. The first challenge that the new ANC government had post 1994, was that the mining houses immediately adopted the strategies of international capitalism. (Malherbe

2000, Solomon, 2013; Bexter, 2013). In order to participate in the mergers and acquisition frenzy of the 1990s, the mineral resources conglomerates initiated their catch-up strategy with the global economy by prioritising the maximisation of access to financial markets and by migrating their primary listings to the world's financial capitals (McKenzie and Pons-Vignon 2012).

What followed was a rapid capital outflow from South Africa, enabled by a highly liberal approach towards monetary movement by the African National Congress (ANC) leadership (Ashman, 2011). Amidst the capital flight by mining companies into the global community, given the disparities in the mining sector and the local communities, South Africa began to put in place measures such as the MPRDA and BEE previously discussed, in order to break the gridlock of inequality. Instead a few Blacks became rich and South Africa's wealth gap widened. Cracks began to emerge as a call for the nationalisation of mines was made, followed by the Marikana incident where 34 striking miners were shot down due to salary disputes and poor socio-economic conditions. The nationalisation debate, the MPRDA-BEE matter, and labour issues in the country will be addressed in the next section as they have played an influential role in shaping the current mining outlook.

4.5.1. The nationalisation call

The nationalisation call by Julius Malema, former ANC Youth League (ANCYL) leader which greatly rattled the mining sector and the international community served as a threat to the neo-liberal agreements that were approved by former President Nelson Mandela. At first when Nelson Mandela was released from prison in 1990, he called for nationalisation of the mines and monopoly industries—a long-standing demand embodied in the 1955 Freedom Charter (Van Vuuren, 2013). However, in 1991, at the World Economic Forum in Davos, Mandela was reassuring international investors that nationalisation would not happen (Van Vuuren, 2013).

Eighteen years later, on 1 July 2009, at the opening of the ANCYL Political School, Malema, called for the nationalisation of South Africa's mining industry which in turn challenged the mining industry and the relevance of the government led MPRDA (Bloomberg, 2011). The aforementioned ANCYL thesis or beliefs on the nationalisation of South African mines produced extensive debates which for about 2 years left the mining industry locally and internationally perplexed as to the ANC's intentions about the future control of the South African mining industry (Bloomberg, 2011; CNN, 2012). Malema's nationalisation call culminated on December 16, 2012, when President Jacob Zuma finally rejected nationalisation of mines at the Mangaung

Elective Conference in favour of MPRDA which was to be revised in order to address the ongoing mining challenges (Daily Maverick 2012; Antin, 2013). During this time frame Malema was also expelled from the ANC which was practically irrelevant for the nationalization debate because what he had succeeded in doing was open up a Pandora's box regarding the South African mining industry and globalisation.

The nationalisation debate was followed by the Marikana massacre. The Marikana massacre occurred on 16 August 2012, when the South African Police Service opened fire on a crowd of striking mineworkers at Marikana, North West Province. The fateful event left 34 mineworkers dead, 78 wounded and more than 250 people were arrested. The protesting mineworkers were demanding a wage increase at the Lonmin platinum mine (de Wet, 2012). The Marikana massacre brought to light the harsh socio-economic realities endured by the average mine worker in South Africa. Needless to say, the 2012 labour unrest, put South Africa on the map as Marikana served as a reminder as to how for decades South Africa's mining sector has been profiteering while neglecting mining communities' development needs.

The debate on nationalisation while it may have been closed, is a political demand Malema continues to make under his mantra for economic freedom. For example, in 2015, when Malema was at the Oxford Chatham house in the United Kingdom questioned the impact of Nelson Mandela's economic agreements on South Africa's future (Hirsch, 2016). Perhaps, the only way for the mining industry to succeed in South Africa post 1994 is to readjust its neo-liberal practices and apply the theory of modernization to ensure structured growth through LED. As long as most mining communities in South Africa remain characterised by poor social and economic conditions, labour issues and contentious the nationalization debate will continue to linger. The MPRDA and BEE context, are the next topic of discussion as they have impacted and continue to influence the current state of mining and LED growth significantly.

4.5.2. The MPRDA and BEE context

As South Africa transitioned into the democratic era, Black Economic Empowerment (BEE) was identified as one of the key drivers to, *inter alia*, promote economic transformation; achieve a substantial change in the racial composition of ownership and management structures of existing and new enterprises; increase the extent to which communities and workers own and manage existing and new enterprises; and empower rural and local communities (Leon, 2012; Mitchell, 2013). Section 100 (2) (a) of the MPRDA through the Mining Charter also provided

for meaningfully expand opportunities for black people to also expand the existing skills base for the empowerment of black people, serve the community, promote employment and promote beneficiation of South Africa's mineral commodities (Department of Mineral Resources, 2016). BEE in the Mining Charter is promoted through the elements of ownership; procurement and enterprise development; beneficiation; employment equity; human resource development; mining community development; housing and living conditions; sustainable development and growth; and monitoring and evaluation (Leon, 2012).

Small, Medium and Micro-Enterprise (SMME) development in local government typifies a major aspect of BEE. In most rural communities, South Africa utilizes SMME projects which are BEE based as part of its LED growth. In essence, most LED projects are predominantly SMME based, and sometimes consist of community project participation. The Mining charter, section 22 is also clear that enterprise development and local procurement are one of the key instruments to achieve both competitiveness and transformation of the mining industry. This is also done in order to expand economic growth and widen the scope for market access of South African capital goods, consumer goods and services. Moreover, in order to achieve a substantial change in racial and gender disparities, and thus pave the way for meaningful participation of black people for attainment of sustainable growth, the Mining Charter requires that the mining industry achieve a minimum target of 26% ownership per mining right to enable meaningful economic participation of black people taking into account the provisions of section 37(2) of the Companies Act, 2008 (Act No. 71 of 2008). It is important to note that the government recently approved the amended 2016 Mining Charter which has factored in new requirements. For example, the Mining Charter also promulgates the following to promote enterprise development: in regards to capital goods, a mining right holder must procure a minimum of 60% (Department of Minerals & Energy, 2016), locally manufactured capital goods from Black Economic Empowerment (BEE) and compliant manufacturing companies. With consumables, a mining right holder must procure a minimum of 70% of locally manufactured consumables from BEE compliant manufacturing companies; and regarding services, a mining right holder must procure a minimum of 80% services from BEE compliant and locally based companies (Department of Minerals, 2016). The Charter also envisaged the use of a mining scorecard to measure the progress that companies are making towards their BEE goals. The scorecard allocates weightings to various empowerment mechanisms such as ownership, management, skills development, employment equity and procurement (Department of

Minerals, 2016). The table below demonstrates a summary of compliance of the mining chapter by the mining industry.

Table 2: DMR 2009 and 2014 Mining Charter Compliance Review

Scorecard	2009 Mining Charter Review (Released in 2010)	2014 Mining Charter Review
Human Resource Development	<p>83% of mining companies had not identified a talent pool, with only 17% fast tracking those recognized for management positions</p> <p>Lack of devotion to help HDSAs with core critical skills</p> <p>Lack of management support for staff participating in adult basic education & training (ABET) programs</p>	<p>Still low levels of development terms of functional literacy, career pathing and mentoring of empowerment groups</p> <p>Most of the right holders have not met the target of spending 5% of their annual payroll on skills development</p>
Mine Community Development	<p>63% of companies engaged in consultation processes with communities, but no evidence of a direct link between community development projects and the needs of affected communities</p>	<p>Nationally, only 36% of mining rights holders had met their set target on the mine community development</p> <p>55.5% of mining right holders had not met the target for implementation of environmental protection plans as stipulated in charter</p>
Procurement	<p>89% of companies had not given the HDSAs preferred supplier status, 80% have not committed to the progression of procurement from HSDA companies over 3 -5 year time frame</p>	<p>Against a 2014 target of spending 40% if expenditure on procuring capital goods from Black economic empowerment (BEE entities, 60.4% of right holders had not met the target in terms of the procurement of services from BEE entities, 66.8%of the industry had not met the 2014 target of 70% of expenditure</p>

Reporting (Monitoring & Evaluation)	37% of companies have audited annual reports, while 11% of companies submit annual progress reports to DMR	962 right holders were due to submit data for the Mining Charter assessment. Only 46% of the eligible right holders submitted data
Ownership & Joint venture	<p>Mining assets ownership has shown little change in the transfer of rights and ownership. It is prevailed by the racial and gender disparity</p> <p>Racial ownership pattern of mining assets has mainly remained untransformed: BEE was aimed at 15%. Aggregate BEE ownership of the mining sector has reached an estimated 9%</p> <p>The sector stated commitment of R100 billion to facilitate HSDA ownership represents 5% of the value of net asset value of the mining sector, below the agreed 15% empowerment</p>	<p>Whilst a significant number of mining rights holders irrespective of size by employment, have reported to have met or exceeded the 26% HSDA ownership threshold, the meaningfulness of economic participation remains largely elusive.</p> <p>Most of the larger employers have concluded deals with employees and communities rather than entrepreneurs. It can also be deduced that small and medium sized right holders have not significantly empowered workers & communities</p> <p>There as been limited impact in terms of intended beneficiaries realizing optimal economic benefits.</p>

(Source: Nthabiseng Violet Moraka, Problems and Perspectives in Management, Vol 13, Issue 4, 2015)

Although much has been done to promote BEE, the unrest in the mining industry over low wages and deplorable living conditions has highlighted the long path ahead to meeting the aims behind South Africa's BEE policies. As indicated in table two (2) above, BEE has not managed to effectively transform the masses, which has impacted on the ability for local government and the mining industry to implement successful business projects. According to Johnston, McCarthy, Schlemmer and Bernstein (2004:5), SMMEs have been performing poorly in South Africa. Khosa (2000:207) states that although LED has become an established feature of the development scene in South Africa, through BEE measures, the number of LED projects is

small. This can be attributed to serious resource and skills constraints, which are compounded by a lack of strategic guidance, facilitation and role models. There also exists a business gap where local community members are unable to establish LED business projects that speak to the mine's needs, and the capacity to also succeed in procurement and other business requirements (ANON, 2004:2). Suffice to say the SMME sector in other developing countries such as Brazil and India have had major LED successes internationally which requires critical introspection for South African SMME's. Moreover, despite some transactions with Black Economic Empowerment (BEE) companies which have been realised, the mining industry is still predominately under the control of white owned companies and dominated by males (Department of Minerals and Energy, 2004). According to Cronje and Chenga (2010: 1), transformation will take longer to realize until racial tensions between the black and white mining employees are eradicated in order for the mining industries to sincerely procure Black businesses. Selby and Sutherland (2006: 46) argue that transformation is delayed due to a lack of trust and leadership between stakeholders. Particularly the existence of non-collaborative strategic efforts from mining companies and government is considered to be hindering effective transformation to take place (Moraka and Jansen van Rensburg, 2015).

Another major problem with the application of BEE measures in the mining industry is an over-emphasis on the elements of ownership, despite the importance of the other elements. This has led to the continued promotion of 'narrow' BEE, a form of crony capitalism that has enriched a well-connected few, rather than empowering workers and marginalised mine communities who should have been the principal beneficiaries of BEE (Creamer, 2015). By 2006, Black capitalist involvement in mining and mineral processing industries was being very visibly represented by a few individuals that sat atop holding companies with large balance sheets. They included amongst others:

- African Rainbow Mining – Patrice Motsepe – gold, manganese, iron ore and platinum
- Mvelaphana Resources – Tokyo Sexwale – gold, diamonds, platinum
- Eyesizwe – Siphon Nkosi – Coal
- Shanduka – Cyril Ramaphosa – coal, iron ore, manganese (Creamer, 2015; Leon, 2012)

By 2009, the Department of Mineral Resources ("DMR") commented that regrettably, the reported level of BEE ownership is concentrated in the hands of anchor partners and, representing a handful of black beneficiaries, contrary to the spirit and aspiration of both the Freedom Charter and the Mining Charter. Along with the narrow BEE process that developed, has been the challenge of acquiring competent BEE companies that can perform the tasks that

mining industries frequently need. The issue of capacity of small enterprises in rural communities addressed earlier speaks to the challenge of developing quality based BEE outfits. Tender fraud and corruption create also pose severe challenges to the correct implementation of the initiative. Particularly in regards to businesses being awarded tenders by misrepresentation of their BEE status are one of the problems being faced by industry (Buthelezi, 2011)

Finally, there is also the challenge of the BEE 26% ownership requirement under the Mining Charter which are known to unravel quite often. The difficulty companies have in preventing their mandatory black economic empowerment (BEE) ownership arrangements from unravelling is due BEE shareholders selling out. South African business leader Patrice Motsepe indicated that challenge within his African Rainbow Minerals (ARM) mining company. Motsepe demonstrated how many of ARM's broad-based BEE trust shareholders had opted to cash in on their ARM shares to meet their own personal financial commitments (Creamer, 2016; Buthelezi, 2011)

“They sell. You’ve got teachers, small business owners, shebeen queens, spaza shop owners, domestics who say to me, Patrice, my son or my daughter is at university and I can’t pay the university fees. I’ve got shares in African Rainbow Minerals as part of the ARM BBBEE and they have done well and I have to sell (Creamer, 2016).”

Motsepe argued that, rather than companies being legally obligated to retain 26% BEE credentials in perpetuity, there should be a once-empowered, always-empowered arrangement (Creamer, 2016).

Consequently, the lack of effective oversight of the MPRDA resulting in issues such as BEE fronting, and narrow BEE ownership has maintained the economic status quo at local government level. This gradually led the way for controversial discussions such as nationalization of mines, BEE relevance, labour matters, and the dominance neo-liberalism raised by South Africa's labour unions and opposition parties such as the Economic Freedom Front (EFF). While the blame for the widespread failure of the current empowerment policies cannot be singularly attributed to failure of the state to assertively implement it, it is apparent that there are a confluence of factors, emanating in varying degrees from the mining companies, government, and the failure of the mine community leaders to properly implement the measures that have been put in place (Hartford, 2012; Leon, 2012).

Labour issues are the focus of the next discussion as they speak directly to issues of strikes which have influenced the rate of mining investment, and the implementation of the MPRDA which is premised on employment.

4.5.3. Labour issues

Given the political nature of mining, strike action in this sector has a history that began in the 1940s. The strike by some 76,000 black miners in 1946 was one of the most significant examples of industrial action by black workers in South Africa (Dunbar, 1986). The mine workers were the first to challenge not only their employers, but the racist policies of the segregationist state of Jan Smuts. Working under gruelling conditions, paid a pittance for death-defying work, fed 'like dogs', housed in barren compounds with concrete 'beds', the miners embarked on a strike that lasted barely five days, and were crushed by a brutal police force. The strike was undertaken by workers who demanded the recognition of their union, and a wage of 10 shillings a day, a wage that the oligopoly refused to pay (O'Meara, 1975; Dunbar, 1986). South Africa's mining industry continues to be marred by the exploitation of workers sanctioned under discriminatory laws and persistent crippling strikes. According to the 2012 Department of Labour's annual industrial action report workers lost R6.6 billion in wages as a result of strikes (Department of Labour, 2012).

However, the growing prevalence of strikes in the mining industry, threatens to stifle job creation and economic growth (Department of Labour, 2012). Labour unions such as the Association of Mineworkers and Construction Union (AMCU), argue that the strikes are a necessity because exploitation of mineworkers continue to this day in the form of low wages and abject living conditions. The mining industry is also currently accused of deliberately dividing its workforce through labour brokers with workers divided on ethnic, racial and regional lines (Coleman, 2012). At the heart of the mining economic and social crisis is the migrant labour system, which has remained unaltered post-apartheid; that the specific migratory and housing conditions of migrants have led to a double economic burden; that the collective bargaining processes and institutions failed dismally to hear the signs of discontent and address the causes; that the company leadership, and that the solutions require a radical re-think of the future of migrant labour, of collective bargaining, of the manager/employee interface at shaft and mine level (Cawood and Oshokoya, 2013; Antin, 2013; Bexter, 2013).

Labour is also currently affected by working hours, salaries, lack of skills development, and entrenched socio-economic disparities in the communities. In regards to working hours Hartford (2012:5) states that the mining industry has remained a prisoner of its apartheid past in this core element of cheap labour sourced through a migrants punishing annual work cycle. The rule of working every day except for Christmas and Easter break has remained unaltered in the 18 years of democracy (Hartford 2012; Butler, 2013). Moreover, no amount of employment equity plans and empowerment transactions have ventured to tamper with this spinal essence of the industry. In short, there has been no attempt to find new ways to effect a more humane system of migrancy akin to the best migrant labour systems of the world. This working condition has had a significant impact on the migrants, and miners such as Rock Drill Operators (RDO's) (Hartford, 2012; Caewood and Oshokoya, 2013). Needless to say, these working hours have contributed to the two home system including shacks which have placed the miners in further economic perils with loan sharks (Hartford, 2012; Butler, 2013; Caewood and Oshokoya, 2013).

Salaries also remain a contentious aspect of the mining labour. The vast inequity in remuneration structuring, where CEO's and owners earn ratios of thousands of times more than the entry level miner, has become not only morally untenable, but also deeply insensitive to the conditions under which miners labour every day. Combined with this landscape of poverty and inequity, the harsh reality of the migrant labour system - the double family burden carried by many migrant workers - together with their working conditions being of the most physically demanding and dangerous, has previously inspired migrants to go to the forefront of the strike wave for better salaries (Hartford, 2012; Butler, 2013; Business Report, 2013). However, the salary debate has raised the issue of skills and productivity. There have been discussions that South African workers, and platinum mine workers in particular, compared to other developing countries are advanced as they earn, R5000 pm (just over \$600 pm) For example, they beat Indian (\$102 pm) mine workers (Mhambi, 2012). Moreover, in regards to developed countries such as Australia platinum miners earn almost 10 times over at around \$6000 pm. They attribute towards the Australian high salary is based on the country's ability to raise its output per worker, or productivity (Mhambi, 2012). As a percentage of total, South Africa's labour costs are among the highest globally. Among the major South African producers, labour costs average around 45%, with deep level underground mines above 50%. In other mining territories, labour generally makes up 30%-40% of total expenses (Department of Labour, 2013).

Mines currently also continue to face severe frontline and professional skills shortages that affect critical day-to-day operations. Despite the growth of training programmes, there is still a lack of experienced skills in frontline positions, such as artisans and supervisors, as experienced personnel retire or leave the company. According to the Center for Science and Industrial Research (CSIR) 2011 report called *State Intervention in the Mining Industry* the problems besetting South Africa's mines and continued labour issues are due to a number of factors that include poor skills and safety, which translates into poor productivity. Many technical areas where South Africa had an international reputation, for example rock engineering, have been weakened by a lack of investment in new capacity, and by the aging of the researcher population. Researchers participating in mining research have fallen in number from over 600 in 1988 to less than 80 currently (Baartjies and Gounden, 2012; ANC, 2012, Mhambi, 2012). The industry is constrained by a lack of skills in many areas, particularly in artisan skills, but also by a widespread lack of literacy, which will have a long term impact on not just productivity but the development of a stable mining sector (ANC 2012; Mhambi, 2012). The issue of skills and human resource development is critical as this impacts on the ability of the mining companies to hire locals which in turn promotes community protests. These aspects will have to be factored in order for the Mining Charter to transform the mining industry.

4.6. CONCLUSION

This chapter has highlighted the key challenges facing LED growth in mining communities. The chapter began by defining LED and its role in shaping economic growth and development. LED is an important tool that can be used to unlock economic opportunities in the municipal area to create jobs and ultimately uplift the lives of the people. LED is thus everything that impacts on economic development and growth at a local level. It encompasses all departments, stakeholders and the community involved in various initiatives aimed at addressing a variety of economic needs and imperatives in that community (Report for LED Strategy review in Sol Plaatjie Municipality, 2008).

However, LED continues to face critical challenges which could impact the growth of mining communities through the MPRDA. Ntonzima and Binza (2011:655) further argues that, although South Africa seemed to be doing well in LED, it is not achieving as much as it can. Ntonzima and Binza (2011:655) state that it was important that LED processes and activities should be mainly home designed, to satisfy and improve the economic needs of local

government and its people. Capacity at the local government level remains one of the challenges for LED growth and development. For LED to function there should be a coherent planning process involving all stakeholders within the local area applied. The alignment with government departments should also include local governments to avoid the compromise of mineral resource governance in South Africa. The lack of coordination and strategy alignment between the Departments could influence lack of progress in realising the backward and forward linkages and their job creating potential.

The chapter went on to portray the development of mining in South Africa which was shaped by Apartheid. Apartheid created spatial inequalities in local mining communities that still persist even to this day. Some of the key challenges include spatial economics, SMME challenges, and lack of local government capacity. Spatial economics in South Africa's mining communities demonstrate that LED projects need to be geared towards leveraging of the private sector investment which would include mining, and addressing institutional responsibilities.

The impact of globalization through business competitiveness was also addressed. While LED has gradually been introduced to implement economic redistribution, in mining communities. The impact of globalization requires intervention at the local level for more locally based initiatives (Mapuva, 2010; Nel, 2001). The fact is, the process of globalization has become the rapid diffusion of industrial production at the local government level. The ability of the local government to be able to promote their economies at a global level within the national government context is critical if South Africa is to grow its economies. Needless to say, globalization has a direct impact on issues such as South Africa's Rand, salaries and labour.

The controversies surrounding South Africa's labour industry have also been impacted by globalization as demonstrated by the Rand. Suffice to say, labour, as a social actor, has lost a lot in the country's growth index due to globalisation. The enhanced power of capital, the increasingly subservient status of the nation state, and the transformation in the industrial economy unleashed by globalisation all has taken its toll. Large numbers of workers particularly in vulnerable industries have been thrown out of work or into casual labour leading to strikes addressed earlier. Of course the effects on labour have not been equally distributed, but labour as a social category despite MPRDA, has experienced a net loss in influence, and control over and share of society's resources (Habib and Kotze, 2002). Though the issue of the nationalisation of mines, a complex labour issue has been laid to rest by the ANC, and investors

have been assured that nationalisation of mines is not an option for South Africa, there is still some uncertainty regarding the mining sector. It is safe to argue that the South African government considers the MPRDA as a critical legislative instrument as some activity has been happening over the past few years to change the status quo in the industry. In fact, the Act has been amended so that the MPRDA could have more of a significant impact through beneficiation (Bass, 2014; Du Plessis, 2011). With the country's economy currently built on the extraction of South Africa's mineral resources, beneficiation through implementation of the MPRDA stands out as the next economic frontier. Mineral beneficiation through LED projects is key to addressing past injustices suffered by many communities that live on land rich in natural mineral resources, but have been marginalised and have never participated nor shared the resultant wealth, and live in abject poverty. The question is how South Africa should best implement the MPRDA into reality.

The current state of mining in South Africa remains complex. The chapter highlighted the challenges of community participation with the mining sector was required by the Mining Charter. Undoubtedly, the implementation of better stakeholder engagement would ensure that communities are well aware of any proposed activities. The 2009 and 2014 DMR assessments portrayed the lack of legislative adherence by the mines as by 2014, several had not met their target on mine community development, procurement, ownership and joint venture. The assessment also identified a number of shortcomings in the manner in which the mining industry has implemented the various elements of the Mining Charter related to community development and business development such as procurement.

Going forward, South Africa has devised and needs to effectively concentrate on strategic minerals inputs into the most important downstream job creating sectors such as manufacturing, energy, infrastructure, and agriculture. Moreover, LED driven projects are the only solution in effectively driving the MPRDA. LED mining projects if done effectively can ultimately create sustainable economic development. As a result, the local economy would be better able to respond to changes in the global environment.

CHAPTER 5

RESEARCH METHODOLOGY

5.1. INTRODUCTION

This chapter presents the research methodology employed in this case study. Methodology is the systematic, theoretical analysis of the methods applied to a field of study (Irny and Rose, 2005). According to Kaplan methodology is the description, explanation and justification of the methods employed (Kaplan 1964). In more recent literature, methodology has been explained as an approach or the way in which research is constructed and conducted (Sarantakos 2005, Berg 2007; Creswell 2013). The research methodology in this chapter is underpinned by the critical paradigm which encompasses an intention to contribute to bringing about social change which in this case would make life better for disadvantaged people in the Burgersfort mining community. In essence, the research assesses how the people perceive and respond towards local economic development-mining sector programs based on their experience of being involved in the implementation. Within this overall critical interpretive approach, this study seeks to answer several questions, including: what kind of mineral beneficiation programs have been implemented by the mining company in Burgersfort; how does the LED and mining company involve the local community in decision-making processes; and to what extent these programs promote economic growth.

The objective of this chapter is to present a detailed description of the research design and methodology adapted for this thesis. The process involves a case study which provides for a critical explanation of the research findings. The chapter is organized in fourteen (14) sections: (a) introduction (b) research design, (c) area of study, (d) sampling method (e) data collection methods (f) reliability and validity (g) ethical considerations (h) informed consent (i) confirmability (j) anonymity and (j) limitations of the study. In this way, this study was able to investigate the level of MPRDA implementation by the Department of Minerals Resources, and all the essential stakeholders such as the mining company, and its impact on LED growth. The exploration of the policy implementation at local government level demonstrates the interrelatedness of the administrative functions within Public Administration as an academic discipline.

This study adopted the mixed methods research which is a methodology for conducting research that involves collecting, analysing, and integrating both quantitative and qualitative research in a single study. Research, in the context of Social Science research, is defined by Babbie (2001:2-4) as a systemic observation of social phenomena for the purpose of finding and understanding patterns of relationships among social entities that are observed. Basically, this study, as social science research, is based mainly on data collection and data analysis – that are used to arrive at a logical conclusion (Babbie, 2001; Berg, 2007; Robert and Denhardt, 2009). This research is therefore presented within the context of Public Administration, as a study discipline that is located within the Social Sciences (Robert and Denhardt, 2009). Public administration is the implementation of government policy and also an academic discipline that studies this implementation and prepares civil servants for working in the public service (Rabin, Hildreth, and Miller, 1989). As a field of inquiry with a diverse scope, its fundamental goal is to advance management and policies so that government can function better (Robert and Denhardt, 2009).

5.2. RESEARCH DESIGN

The research design adopted were both qualitative and quantitative with biasness towards qualitative due to the philosophical and descriptive nature of the study. Quantitative research design refers to the systematic empirical investigation of social phenomena via statistical, mathematical or numerical data or computational techniques while qualitative research design aims to gather an in-depth understanding of human behaviour and the reasons that govern such behaviour (Creswell, 2008). The qualitative methodological design assisted in investigating the various stakeholders such as the mining community, the mining company, the municipality, and the mining industry on the why and how of decision making, not just what, where, when (Denzin and Lincoln, 2005) of MPRDA implementation. This technique was useful as the researcher was able to observe the state of economic growth and development in Burgersfort, through participant observation, and engage note taking. The goal of the quantitative phase was to identify the potential predictive power of selected variables on the mining industrial challenges with LED. The researcher collected the quantitative data via survey's that were administered (McMillan 2000; Creswell 2005), using a self-developed and pilot tested instrument. The use of quantitative research design as complementary to qualitative research design mainly attempted to deduce explanations that can assist in drawing qualitative conclusions within the public policy implementation arena like that of mineral industrialisation within local economic development in South Africa.

5.2.1 Research methods

The theoretical frame adopted for the study as well as the nature of the problem have dictated the type of research methods to be utilised. The study used much of secondary data literature obtained from books, articles, policy documents, reports, speeches, media reports and other publication media houses to lay a foundation of the theoretical position adopted as articulating on the ideals considered for scholastic debate. To engage with primary data, the study used semi-structured interviews and questionnaires collateral empirical position of the phenomenon being observed.

5.2.2 Qualitative approach

There were four persuasive reasons for using interviewing as the primary data source for this study. First, qualitative interviewing is appropriately used when “studying people’s understanding of the meaning in their *lived world*” (Merriam, 2002; Kvale, 1996: 105). Second, the purpose of interviewing is to find out what is in and on someone else’s mind. Third, qualitative interviews result in thick descriptions of the subject being studied that enable readers to make decisions about transferability of study results (Merriam, 2002). Finally, interviews allow for triangulation of information obtained from other sources and, thus, increase the credibility of study findings (Emerson, Fretz, & Shaw, 1995; Stake, 1995; Merriam, 2002; Dodge, 2011). Qualitative research is a situated activity that locates the observer in the world (Denzin & Lincoln, 2005). Basically, qualitative turned the analysis of Burgersfort municipality into a series of representations, including field notes, interviews, conversations, photographs, and memos to the self. At this level, qualitative research involved an interpretive, naturalistic approach to LED. This is in line with Denzin and Lincoln’s (1994: 2) definition of qualitative methods that argues that qualitative research is multi method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them (Denzin, 1994). The qualitative research method was employed to fulfil the needs of this research study to present a detailed picture of the MPRDA implementation.

Johnson (1994: 183) notes that qualitative methods are slow and indeed visiting a variety of locations to interview the LED official, mining management, mining shareholder in Johannesburg, DMR official in Pretoria, community liaisons in Burgersfort, was a time-

consuming process, but one which was worth pursuing in order to obtain a better illustration of the varied nature of the mining community and to reflect the individual perceptions and experiences of the stakeholders(Strauss and Corbin, 1998; Dodge, 2011).

5.2.3 Quantitative approach

The Researcher used the quantitative research methods as an attempt to maximize objectivity, replicability, and generalizability of findings (Bouma and Atkinson, 1995; Bernard, 2000). The goal was to objectively measure the rural mining communities surrounding ASA Metals and, to test a theory as to whether MPRDA was effective in promoting LED growth, or explain or identify factors that influence the rural communities from benefiting from transformation as legislated. The strengths of a quantitative approach are that it can produce factual, reliable outcome data that is usually generalizable to some larger population (Denzin and Lincoln, 2000; Patton, 2002). The goal of the quantitative phase was to also identify the potential predictive power of selected variables on the mining industrial challenges with LED, and the impact of globalization if any. The researcher collected the quantitative data via survey's that were administered (McMillan 2000; Creswell 2005), using a self-developed and pilot tested research questionnaire instrument. The questionnaire was designed to be quick and easy for the respondents to complete, with all questions involving a choice of tick boxes, and no written response required.

5.3 AREA OF STUDY

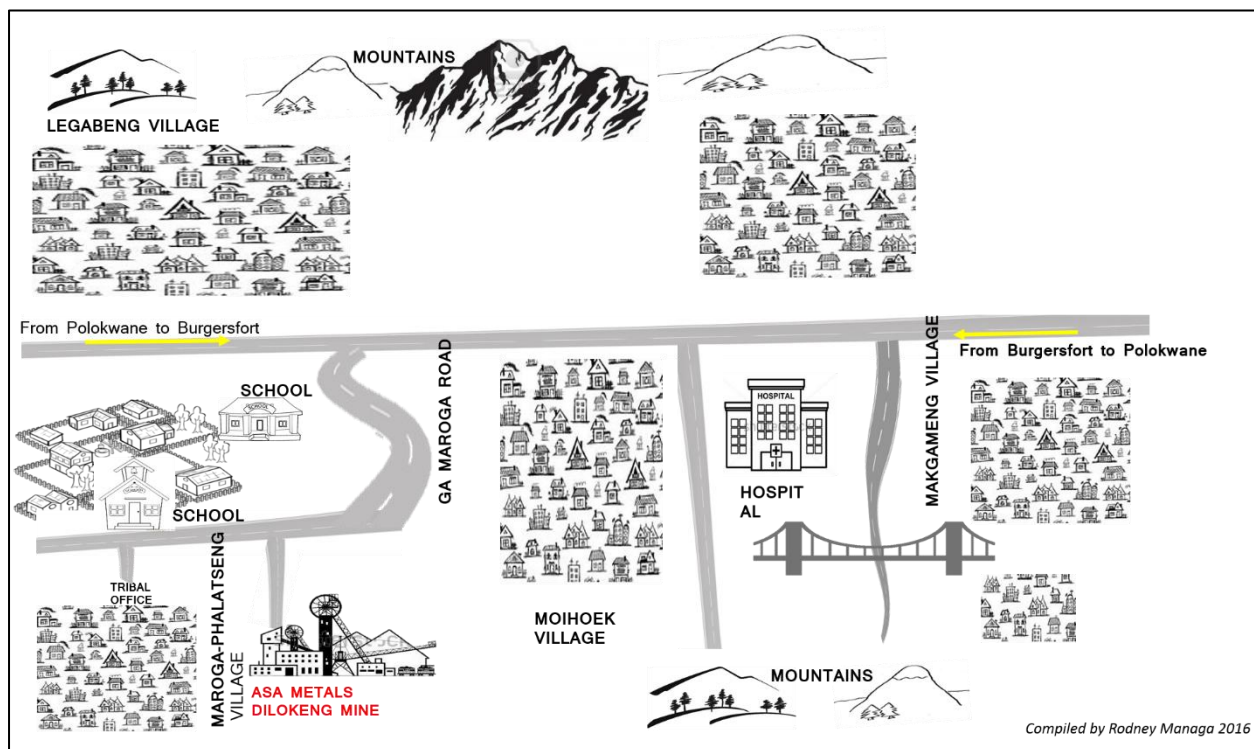
The area of study was the ASA Metals Chrome community and Burgersfort town found within Greater Tubatse Local Municipality, Limpopo Province. Limpopo province is also categorised as one of the poorest in the country despite the level of minerals being exploited explored within the LED context. ASA Metals is set against a hillside 30km from Burgersfort centre on the R37 towards Polokwane (Lanham, 2005; Kolver, 2008). The ASA mine location is significantly sited on the eastern rim of the lucrative Bushveld Igneous Complex (BIC). It is reported that approximately 83% of the world's currently mineable ore reserves are found in the BIC. East Asia Metals Investment (EAMI) is a 100% subsidiary of Sinosteel Corporation in Beijing. EAMI owns a 60% stake in ASA Metals with the Limpopo Economic Development Enterprise (LimDev) retaining 40% (Radebe, 2013).

This mining partnership over ASA-Metal was facilitated by both the governments of China and South Africa in the year 2000. The Sino Steel head office which is currently based in

Johannesburg basically became the significant shareholder of ASA Metal. The ASA Metal investment enabled the mine to establish its own smelters. Through vertical integration of smelting and mining, creating an opportunity for the mine to compete more effectively in local and international markets (Seccombe, 2016). Over the years, the mine produced approximately 420 000 tons of raw chromite annually which is transformed into 320 000 tons of chromite ore for export (Lanham, 2005; Seccombe, 2008; Kolver, 2008). The smelting process was a marginal beneficiation to raw chrome, but few new jobs were created in the process though real value-add remains in the Chinese market where chrome is used in making stainless steel (Lanham, 2005; Kolver, 2008).

The map on diagram one demonstrates where ASA Metals is located in conjunction with the four villages where quantitative fieldwork was undertaken which are: Legabeng, Maroga-Phalatseng, Mooihoek and Mekgabeng. As demonstrated on the map, all of the four aforementioned villages and the mine fall under the jurisdiction of Chief Maroga. A sketch was designed as there are no geographical maps available to pin-point the villages in relations to ASA Metals. Most of the maps regarding Burgersfort are very general.

Figure 2: Sketch of GaMaroga in Burgersfort



However, since 2014, the mine has undergone widespread challenges which have an impact on its capacity to beneficiate effectively. Since February, 2016 to date, the mine is undergoing a business-rescue process. The business-rescue practitioner has placed ASA Metals' assets into care and maintenance or rent out those assets to generate income and preserve them. The rescue plan does not preclude the mine from being operational again. It probably will become operational as a different company. It is important to note that besides the afore-mentioned issues, ASA Metals is the third South African chrome producer to run into severe difficulties this past year.

The current state of ASA Metals is not good news for Burgersfort as the various villages there have a lot of social challenges that have to be addressed in order for local government to thrive. Socially, there is still a lot to be done as approximately 82% of the community aged 20 and above does not have higher education (Statistics South Africa, 2011). Furthermore, less than 36% of individuals aged 20 and above achieved a Matric making skilled labour a challenge for community development (Statistics South Africa, 2011). Besides low levels of education, Burgersfort still has social challenges in terms of service delivery demonstrated by formal dwellings at 54%, flush toilets connected to sewage at 55.5%, weekly refuse removal at 56.6% and electricity for lighting at 54.2% (Statistics South Africa, 2011). The research setting, and its significance in testing the MPRDA is therefore relevant given the structure and environment surrounding Burgersfort.

5.3.1. Research population

A research population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Berg, 2007). The research focused on specific and general members of the mining community in Burgersfort town within Greater Tubatse Local Municipality, Limpopo Province. Burgersfort city, (the urban main place) according to the 2011 census undertaken has a population of 6,369. The city itself is 28.099 km² (Brinkoff, 2013). General members of the community will include, mine workers, and families. This identification therefore makes the population to have various strata in that it is not homogenous. Those categories were recognised as a stratum in complementing the general population (Sampath, 2005). Specific members consisted of government representatives, mine management, union representatives, miners, and local government officials.

5.3.2 Research paradigm

Due to the philosophical engagement of the study that is within the field of Public Administration with the inclination of various theories and ideas, it is considered appropriate not to adhere to a single design and methodology. Instead the study adopted designs and methodologies that are mixed and complementary in form in order to capitalise on the advantages of each and extrapolating the best out of the combinations. Therefore, both qualitative and quantitative research designs and methods were adopted. Mixed method research describes a certain present condition. Relatively, the method is appropriate to this study since it aims to describe the present condition of LED growth through the mining industry in Burgersfort. According to Creswell (1994), the mixed method of research is to gather information about the present existing condition under the pragmatist paradigm (Johnson and Onwuegbuzie, 2004).

There are five major purposes or rationales for conducting the mixed methods approach: (1) triangulation (i.e., seeking convergence and corroboration of results from different methods and designs studying the same phenomenon); (2) complementarity (i.e., seeking elaboration, enhancement, illustration, and clarification of the results from one method with results from the other method); (3) initiation (i.e., discovering paradoxes and contradictions that lead to a re-framing of the research question); (4) development (i.e., using the findings from one method to help inform the other method), and, (5) expansion (Greene, Caracelli, and Graham, 1989; Mertens, 2005). For this study, the main purpose for conducting this approach is triangulation, thus, to seek convergence, corroboration and correspondence of results from different methods, by studying the same phenomena (Deshpande, 1983; Mertens, 2005)

Given the mixed method, the researcher collected and analysed not only numerical data, which is customary for quantitative research, but also narrative data, which is the norm for qualitative research in order to address the research questions defined for the Burgersfort research study. As an example, in order to collect a mixture of data, the survey contained closed-ended questions for the community participants in order to collect the numerical, or quantitative, data. While conducting interviews, open-ended questions were implemented to collect the narrative, or qualitative, data. By having the ability to design research studies that combine data collection or data analysis methods from the quantitative and qualitative research approaches, the researcher was able to test and build theories by employing deductive and inductive analysis

in the same research study (Carr, 1994; Mingers, Sale, Lohfeld and Brazil, 2002; Tashakkori & Teddlie, 2003; Johnson & Onwuegbuzie, 2004; Williams, 2007).

5.4. SAMPLING METHOD

A sample is a subset of the population in which in this case the subset directly consisted of the mines and mining communities (Black, 1999). Nonprobability sampling where the respondents were not aware of being selected as subjects (Punch, 2005) as well as purposive and Snowball sampling were applied in relation to the population strata as reflected in the study population. Purposive Sampling was designed towards a specific group of people (Leedy, 1997) which in this case was the administrative stakeholders as they provided the desired information that was relevant to the study. The qualitative research method was utilized to meet the needs of this research study through semi-structured interviews with the Local Economic Development official, mining management, Local Economic Development Agency official, Department of Mineral Resources official, and community liaisons in Burgersfort.

Random sampling was utilized for the quantitative of which the population sample was 100 per village in 4 villages which translated into 400 for the total sample. Criteria for selecting the participants for the quantitative phase included (1) living in Burgersfort; (2) Having resided over a time period that ran from 1 year to 30 and above; (3) must be a community member, civil society member, mining family member of LED project member; (4) must either be active or inactive in a community based project or LED based project. In regards to the qualitative approach the criteria used for participation selection was based on job description and relevance to mining or LED growth. Diagram one below demonstrates a total population of 400 which was broken into 4 clusters. The individuals in each cluster were then sampled as respondents for the surveys that were administered

Figure 3: Community Clusters Sampled

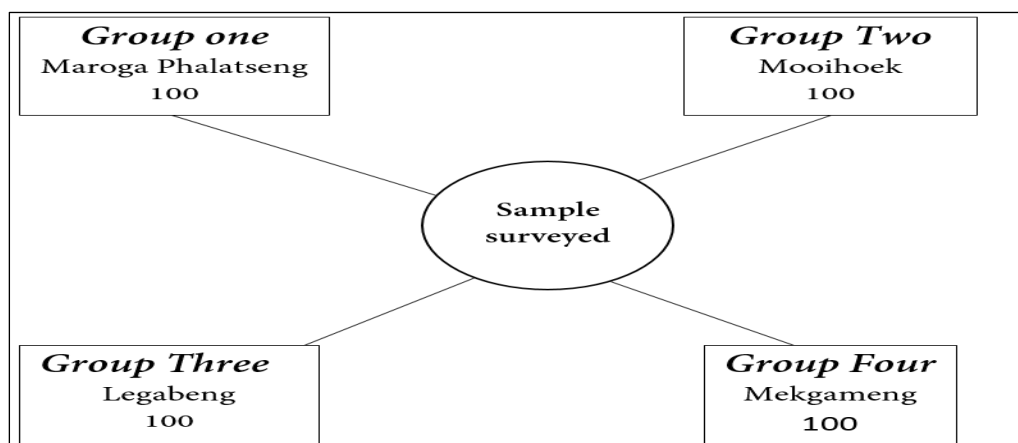


Diagram source: Author Unknown, n.d. Available on <http://research-methodology.net/sampling-in-primary-data-collection/cluster-sampling>

It must be noted that the sampling under diagram one is one version of cluster sampling called area sampling or geographical cluster sampling. Clusters consist of geographical areas such as the four villages identified in diagram two. Because a geographically dispersed population can be expensive to survey than simple random sampling, the process was achieved by treating several respondents within a village as a cluster (Kemper & Teddlie, 2000; Pfeffermann, and Rao, 2009).

5.5. DATA COLLECTION METHODS

Data collection methods are an integral part of the research design. These study's research design consisted of preliminary data gathering through literature survey, fieldwork surveys purposive sampling, and direct observation of specific mining area at the Maroga community in Burgersfort. Direct observation required that the researcher be in the field and present in the natural settings where the phenomenon under study took place. This enabled the researcher to understand about the participants' lives and their perceptions concerning the phenomenon under study. Fieldwork was undertaken in Burgersfort. This technique did not rely on what people said but drew on the direct evidence of first hand eye witness observations. This process was based on the assumption that in many cases it is best to observe the actual situation (Sekaran, 2003). Direct observation was the crux of the research in determining the challenges and prospects of effective mineral industrialisation at the LED level. Other data collection methods included interviews that were face to face, survey questionnaires that were personally administered, and observation of individuals and events through video tapes, photos, and audio recording. Data collection methods, particularly the surveys were implemented.

Surveys were useful and powerful in finding answers to research questions through data collection (Sekaran, 2003). The socio-economic data were correlated with the levels of mineral beneficiation in order to assess the level of implementation of the MPRDA for mineral industrialisation. These afore-mentioned methods of data collection ensured a high response rate.

As already established earlier in this chapter, this study applied the mixed methods approach. Mixed methods research designs use both quantitative and qualitative approaches in a single research project to gather or analyse data and several mixed method theorists have developed mixed method typologies (Huberman 1994; Greene & Caracelli 1997; Miles & Morgan 1998; Creswell 2003; Tashakkori & Teddlie 2003; Morse 2003; Mertens 2005; Creswell & Plano Clark 2007). According to (Greene, 2007, p. xiii) mixed methods research allows for the “opportunity to compensate for inherent method weaknesses, capitalize on inherent method strengths, and offset inevitable method biases” (Cohen, Manion, and Morrison, 2000; Greene, 2007). Mixed methods research is formally defined here as the class of research where the researcher mixes or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study (Creswell, Clark, Gutmann, and Hanson, 2003).

Data was collected through semi-structured interviews schedules from nine (9) respondents who have a role to play in the oversight or implementation of the MPRDA to promote LED growth. Except for the community liaisons, the majority of the respondents were at senior level, or hands on in administratively running the particular institutions. Out of the 9 respondents, there were four (4) community liaisons that were interviewed who were obtained through Chief Maroga’s office, at Burgersfort. They were interviewed as an alternative to the Mining unions. The unions were not available as the mine was closed and under business rescue. The objective of the data collection through interviews was to gather information on the role of the various stakeholders in promoting LED growth through the mineral beneficiation. The questionnaire was divided into 4 parts which are: Implementation of the MPRDA and local economic growth; the MPRDA and job creation; MPRDA and LED policy alignment, and MPRDA and globalization. These aforementioned questions were premised on the objective of this study which was to determine the governance of mineral industrialisation in South Africa as a means of improving local economic development.

A range of semi-structured interviews were conducted with the research study’s informants (see Appendix A). The 4 sections on the questionnaire were designed to determine whether effective

LED programs had emerged due to compliance of the MPRDA particularly by the mine. The interviews were also designed to reveal how stakeholders such as the LED official, the mining company, the Department of Mineral Resources and the Local Economic Development Agency (LEDA) official collaborated to facilitate the MPRDA process. During interviews the researcher made notes of the emerging trends, and also summarized each interview discussion capturing opinions, attitudes and perceptions.

Figure 4: Concurrent Design Procedure

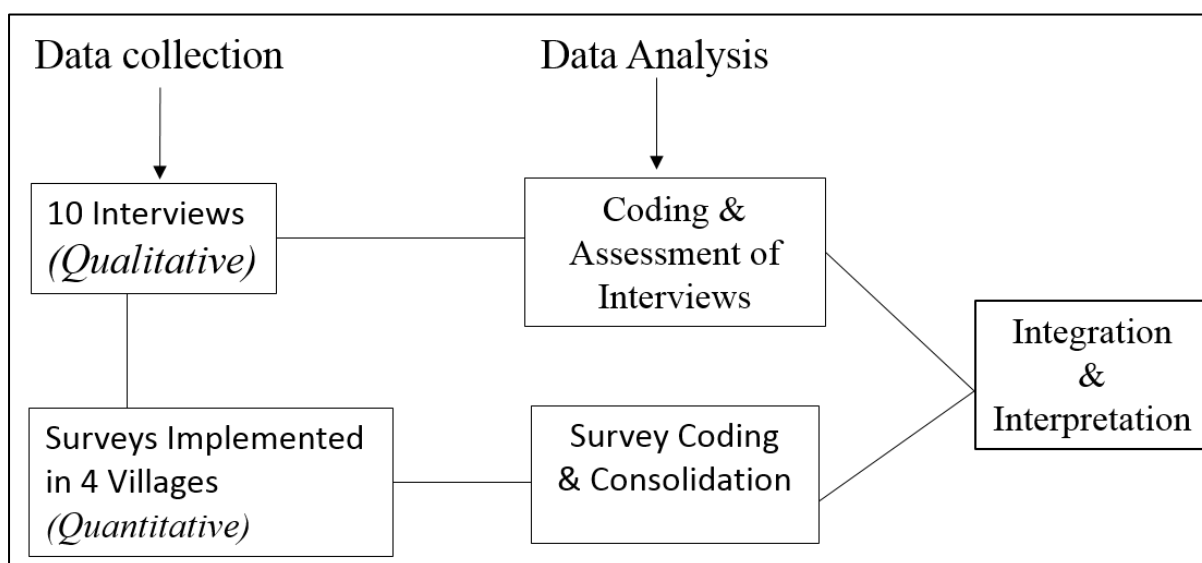


Diagram Source: Beaudry, Jeffrey. n.d. Mixed methods Research. Available on <http://www.mediausm.maine.edu>

5.5.1. Data analysis

The process of data analysis began with the categorisation and organisation of data in search of patterns, critical themes and meanings that emerged from the data (Feagin, Orum, and Sjoberg, 1991; De Vaus, 2001). A process sometimes referred to as “open coding” (Strauss and Corbin, 1990) was employed whereby the Researcher identified and tentatively named the conceptual categories which were alphabetical into which the phenomena observed would be grouped. The goal was to create descriptive, multi-dimensional categories that provide a preliminary framework for analysis (De Vaus, 2001; Gerring 2004). During this research process, three things occurred during quantitative and qualitative analysis: data was organized, data was reduced through summarisation and categorisation, and patterns, and themes in the data from the interviews and surveys were identified, linked and coded (Patton 1987; Fetterman, 1989; De Vaus, 2001). Firstly it is important to note that while data was captured electronically after every interview, software programs were not utilized during the fieldwork and capturing

process (Guba and Lincoln, 1981). In addition, some concerns have been expressed about the potential for software to impose a preconceived structure on the process of analysis, and to distance the researcher from the data (Guba and Lincoln, 1981; Merriam, 1988). Therefore, the researcher decided to analyse the qualitative data manually rather than employ specialised qualitative analysis software in order to provide the maximum scope for the researcher to work closely with the data. The data were coded to its source by writing the pseudonym of each participant and the number of the page on the top right of each page. For example, T I/ DMR/4 refers to a Transcript (T) of the Interview (I) with the Department of Mineral Resources (DMR) on page four (4). The researcher continued this way until all pages of each interview and survey had been coded.

5.5.2 Data preparation and data screening

With data obtained from ordinal and binary questions, the use of Microsoft Excel software was used for doing the inter-community comparison. The intercommunity comparison was only possible after placing each response obtained from each community in percentage format to avoid bias. Then, followed the inter-community comparison using respective values obtained from calibrated data harmonised in percentage.

Graphs plotted from Excel illustrated the behaviour of each community as per the perception with regard to governance mineral resource beneficiation (e.g. local communities' benefits from mining; mineral beneficiation; community characteristics). Data screening using excel revealed that some questionnaires or respondents omitted to provide a value or response to a sub-question. However, the overall response rate was quite good making it unnecessary to delay the analysis for comparison by returning to the source. Data screening was also important to understand the level of missing data to avoid bias in the analysis. It must be stated that data preparation on the other hand, was a bit long with at least 100 rows on average by community to capture each questionnaire, each response and expected ordinal or binary responses.

5.6 RELIABILITY AND VALIDITY

Reliability and validity are important aspects of questionnaire design. According to Suskie (1996), a perfectly reliable questionnaire elicits consistent responses. Reliability and validity of the survey scale items were established based on both pilot and principle survey administration, using frequency distributions, internal consistency reliability indexes, interterm correlations, and

factor analysis. The questionnaire on LED growth through MPRDA legislative compliance was designed to “gather data at a particular point in time with the intention of describing the nature of existing conditions”, (Cohen and Manion, 1994: 83).

The researcher used a panel of scholars and practitioners to secure the content validity of the survey items. The researcher asked a panel of experts, to respond to a survey response instrument and questionnaire that was implemented. Each panellist was then asked to review the survey questionnaire and to complete the survey response instrument. Responses to the instrument were grouped as follows: (1) clarity of questions; (2) relevancy of the question as an important aspect of a major issue; and (3) narrowness or constraint of response. Finally, the panellist was asked, “Are there any other issues that you think should be included in the survey?”(Leary, 1995; Suskie, 1996). Results of the responses and questions were collected and analysed. The questionnaire was also reviewed and approved by the Supervisor. These procedures resulted in the questionnaire used in this study.

5.7 ETHICAL CONSIDERATIONS

During the past decade, changing social attitudes about research as well as changing legislation have led professional institutions to create research codes of conduct (Berg, 2007). Research Ethics applied were designed to provide an enabling framework, which also included the prescripts of the Research Code of Ethics of the University of Limpopo as the primary promoter of this study.

Prior to the field work, the researcher obtained ethics approval from TREC, University of Limpopo. The researcher also met with the Chiefs office to gain permission to undertake fieldwork in his community. In turn the Chiefs office not only approved the fieldwork undertaking but also provided letters in English and Sepedi introducing the Researcher to the community. The Researcher also fulfilled the ethics standards which were required to protect the rights of the participants as well as to minimise risk of harm which are discussed below under the headings informed consent, confidentiality, and anonymity.

5.8. INFORMED CONSENT

One of the foundations of research ethics is the idea of informed consent. From a legal standpoint, informed consent involves three elements: capacity, information, and voluntariness

(Drew & Hardman, 2007; Laerd, 2015). The researcher's task was to ensure that participants have a complete understanding of the purpose and methods to be used in the study, the risks involved, and the demands placed upon them as a participant (Best & Kahn, 2006; Jones & Kottler, 2006). The community members who participated were all volunteers who took part without having been coerced and deceived. The participants also understand that he or she had the right to withdraw from the study at any time.

The researcher used two procedures for obtaining informed consent from the informants as appropriate. For the qualitative exercise, a signed letter from the University of Limpopo, and the consent letter from the local chief was provided. In regards to the quantitative exercise, consent was sought from the local chief who as already indicated, had a consent letter written in the local dialect for the community members to read as proof of admission to implement the surveys.

5.9. CONFIRMABILITY

As mentioned previously, the researcher documented and saved the data from the participants including the surveys, and the file of interview process and interview transcripts which are locked in a filing cabinet or in the computer with a password protection. These data are only accessible and available for the researcher and her supervisor.

5.10 ANONYMITY

In this study, the participant identity information is protected by using pseudonyms. Only the researcher recognises which pseudonym is matched with each participant. In regards to the surveys, there was no name identification for the participants. The researcher created coding numbers instead for each form.

5.11 LIMITATIONS OF THE STUDY

Although the data collection process was successful, there were however, some limitations that the researcher experienced particularly during the qualitative process. The key drawback experienced was that the researcher could not reach and interview several potential participants for this study, particularly informants from the Department of Trade and Industry which has also been tasked with the beneficiation process as that speaks to mining and manufacturing. The bureaucracy system also involved convoluted and lengthy processes for the researcher to

secure interviews with relevant government officers. Moreover, there were some informants who declined to have interviews with the researcher; and instead appointed other government officials to have interviews with the researcher. As a result, a selection bias could have potentially occurred. The officials designated by seniors to meet with the researcher may have been chosen on the basis of being particularly cautious or diplomatic in providing information in relation to the mining industry.

Time and budget constraints were also a limitation for the researcher as the time frame given by the Researchers place of employment was limited. This became a challenging factor for the researcher's effort to gather enough data within the time available to provide a comprehensive and holistic analysis to explain the way in which the community development programs and mining have been conducted by the mining company.

5.12 CONCLUSION

The chapter focused on the research design and methodology that was applied in this study of the impact of the MPRDA on local economic development growth in rural mining communities. The research design and methodology were discussed as these are the tools employed to achieve the research objectives. In the context of research objectives, this chapter reviewed and implemented various aspects of research design and methodology utilized by both quantitative and qualitative research approaches. The chapter that follow will focus on the presentation of research findings.

CHAPTER 6

RESEARCH FINDINGS, ANALYSIS, AND INTEPRETATIONS

6.1. INTRODUCTION

The purpose of this chapter is to present the findings and analysis of the results obtained in 4 mining communities of Chief Maroga in Burghersfort. The objective of this study was two pronged: The first aim of the study was to establish community perceptions of the mining industry and its linkages with LED growth through questionnaires. The second purpose was to engage in a qualitative exercise by interviewing various stakeholders such as the mine management, Local Economic Development Agency, Department of Mineral Resources, Local Economic Development office and Community Liaisons of their opinions regarding the compliance of ASA Metals to promote local economic development. These two research processes were designed to establish the extent of the application of the MPRDA legislation at local mining communities which was the crux of this research. The presentation and analysis of the research findings are done in relation to the research questions, and the qualitative and quantitative data obtained from the respondents. The goal of this chapter is to not only to draw major findings, but to make a link with the literature reviewed.

6.2. RESEARCH FINDINGS

The study investigated the impact of the MPRDA on improving LED growth through qualitative and quantitative means. The mixed methods methodology was applied as a research tool for this study. The concurrent triangulation which is a concurrent mixed model design was used to corroborate the findings within the study which is evidenced in both chapter six and chapter seven. In this design, qualitative and quantitative approaches were used to “confirm, cross-validate, or corroborate findings within a single study” (Creswell et al., 2003). Most of the corroboration can be identified with some of the similar responses from the interviewees and the surveyed community members. Inferences were made on the basis of the results of each strand which were pulled together to form meta-inferences. The reason behind the meta-inferences are primarily for the purpose of confirmation, corroboration or cross-validation within a single study. The presentations of the findings will be done in two ways; i.e. firstly it will be a presentation of data collected through questionnaires (qualitative) followed by data collected through interviews (quantitative).

6.2.1. Data gathered from community members

In regards to the quantitative means, data was collected from four hundred (400) community members who live in villages surrounding ASA Metals mine. The data gathered from community members was premised on those who have access to Local economic development from the Burgersfort municipality, and are directly impacted by the impact of mineral beneficiation through ASA Metals. The aim of the data was also to determine attitudes and perceptions towards LED growth through mineral beneficiation.

The questionnaire was divided into 4 sections, and designed to assess the community members perception and first hand experiences if any of the mine in relations to mineral beneficiation. At the beginning of the document, the respondents were required to name the village where they came from. The first section focused on biographical details as to the exact name of their community, and direct involvement in community programs, or LED projects. The second section determined how long the respondent had lived in that community which would in turn qualify their knowledge about that specific environment. This section focused on issues of local benefits which were designed to ascertain whether the communities were benefitting from the mine, whether there local mine provided employment, existence of the mine in supporting overall business success in local communities, and whether the mine created an acceptable number of LED projects in the mining communities.

The third section focused on mining compliance of South African laws. Respondents were asked to establish whether the local mine adhered to the principles of the South African Mining law, the MPRDA, whether the mine regards the local people as stakeholders of their business, whether the mine impacts positively on LED success in the local area, and whether the mine helped develop the local economy. The last section established the level of mineral beneficiation by asking respondents whether the community was benefitting from the mine through job creation, whether there were community projects due to the mining industry, whether the community is benefitting from the mine through infrastructure or industrial development, whether the LED projects in the community provided benefits from the mining industry, and whether the LED projects with the mining industry are sustainable and long term.

In answering the various questions on questionnaire the respondent had 4 scales from which to choose from. The scales were: *Strongly agree, agree, strongly disagree and disagree*. The

Researcher surveyed at least 100 respondents from each of the 4 villages identified for the study. The total response rate was 98% for all the questions on the survey with no response on 2% of the total questions asked. Table three (3) provides as example of the format in which the data drawn from the respondents, was placed based on a 100 respondents per village, and survey scale.

Table 3: Respondents by Village

Village	Strongly agree	Agree	Strongly disagree	Disagree	No response	Total
MAROGA PHALATSENG						100
MOOIHOEK						100
LEGABENG						100
MAKGEMENG						100

The data was then quantified into percentages to determine what positions the sampled community members had taken based on their perceptions. Moreover, before the start of the main study, a pilot study was carried out. The main purpose of the pilot study was to check the clarity of the questions, to eliminate difficulties or ambiguities in wording, and to estimate the length of time a participant would take to complete the questionnaires (Cohen *et al.*, 2000). The findings of the study are therefore presented as follows:

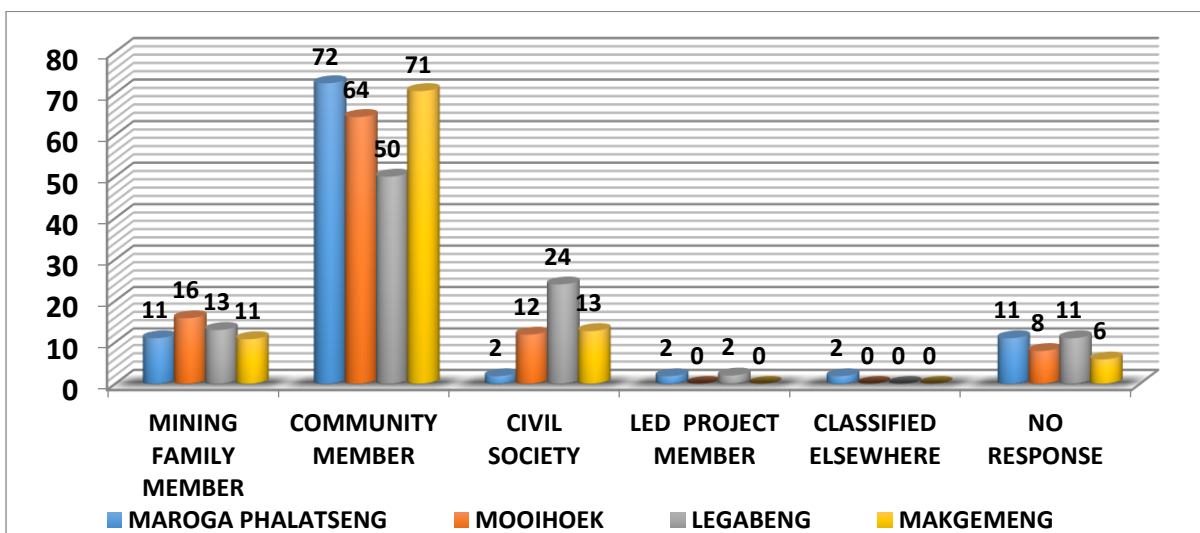
6.2.1.1. BIOGRAPHICAL INFORMATION OF RESPONDENT

This section began with biographical details such as the respondents' background if they were a mining family member, or regular community member. The purpose was to determine their knowledge of the community, how long they had lived in the mining community, and any involvement in mining and LED growth projects. Community members in this survey are defined as a social unit (a group of three or more people) who share something in common, such as norms, values, identity, and a sense of place that is situated in a given geographical area such as ASA Metals and the surrounding villages.

6.2.1.1.1 Respondents background

The respondents were probed of their background. This was done in order to determine their position in the study such as being a mining family member, a community member, a civil society member, or and LED project member. The results of the biographical details of the community members which are demonstrated in Figure 1 below indicate that a majority of the respondents from the 4 villages are identified as regular community members who are not benefitting from LED, civil society work, or a mining family member. The Maroga Phalatseng community has the highest level of regular community members at 72%, followed by Makgemeng at 71%. Figure 1 demonstrates that there are very few members of the communities from the 4 villages engaged in LED, projects, civil society work, or form part of mining families. A majority of the village respondents are regular community members.

Figure 5: Biographical details in surveyed villages in percentage per sample



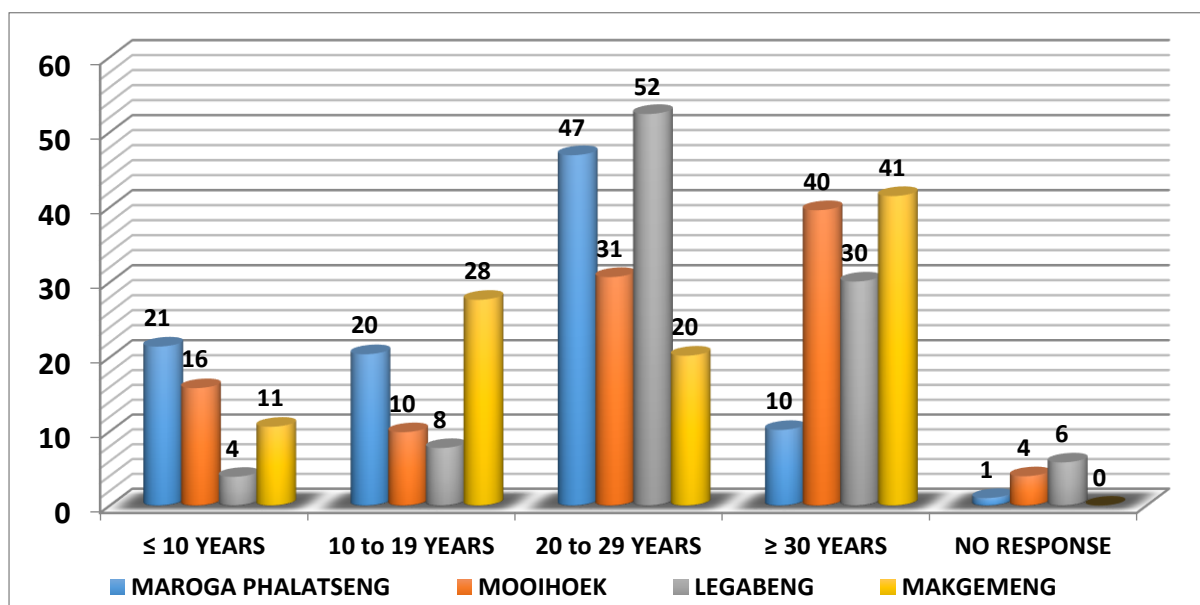
The number of community members belonging to mining families is also small with the highest being Mooihoek at 16%. This low level of respondents belonging to mining families indicates very low employment provided by the mining industry in that community. Civil society participation in all villages is also minimal with the highest rate of involvement at 24% in Lekgabeng. However, the number of community members engaged in LED project work is even more minimal with 0% at Mooihoek and Mekgemeng, and only 2% each at Legabeng and Maroga Phalatseng. This low rate of community participation demonstrates that LED development is encountering challenges in the 4 rural communities. The findings of the

background details demonstrate the need to improve on the promotion of community involvement in civil society, mining, and LED growth. The literature review in chapter (four) 4 also supports the findings on minimal community participation in LED growth, due to apartheid legacies whereby the mines never consulted the communities, or encouraged rural development initiatives (Supra: 86).

6.2.1.1.2. Duration of stay

Other determinants of the background details was to establish the duration of stay by the respondent in that community. Duration was determined by the number of years which was categorized from 5-10 years, 10 to 19 years, 20 to 29 years, and 30 years or more. According to Figure 2, both Mooihoek and Makgemeng have the highest number of surveyed inhabitants (40% and 41%) who stayed for more than 30 years in their communities.

Figure 6: Duration within Community

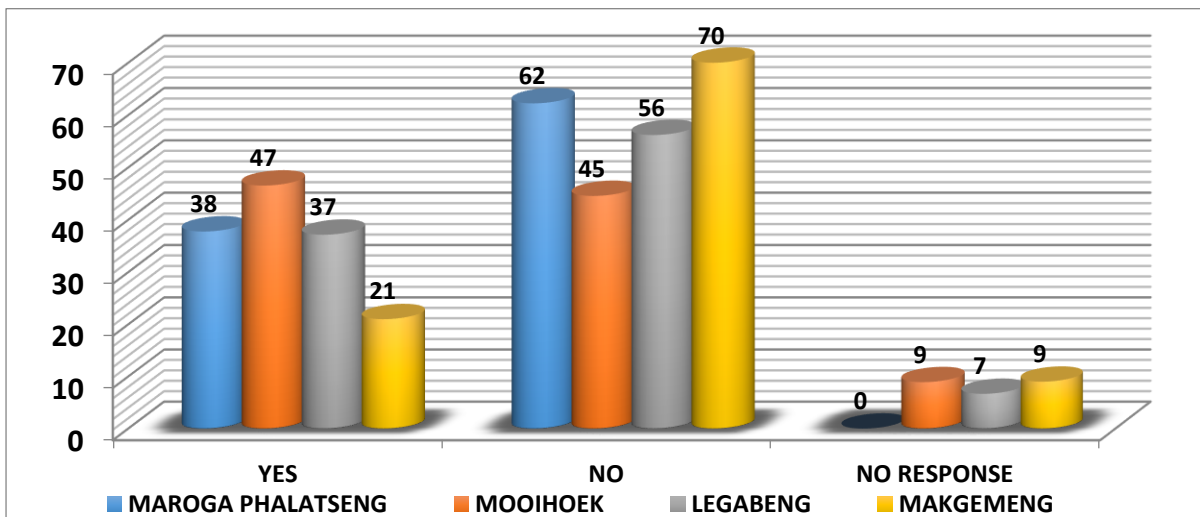


Maroga Phalatseng seems occupied by a younger group with the highest number of people in the sample with 10 years or less in the village in comparison to other communities involved in this study. The findings demonstrated that a majority of the respondents had stayed in their villages for 20 years or more making them quite knowledgeable of the community development process over the years.

6.2.1.1.3 Involvement in community development programs

The purpose of the question, “involvement in community development programs” was to determine the background level in which the community members from the 4 villages had been empowered to engage in this process. The perused literature in Chapter 4 establishes how most community development based projects are established in most rural communities as a strategy to create jobs, self-reliance, and alleviate poverty (Supra: 86). According to the findings, a majority of the community members were not involved in community development programs. Figure 3 below demonstrates that only Mooihoek has the highest number of inhabitants involved in community development programs at 47%.

Figure 7: Involvement in community development programs



The results are very concerning because it means that there is limited effort to promote social and economic development that is people driven. The results also question the capacity or ability of local government in Burgersfort to carry out community driven initiatives amongst the various villages. The results are also supported by the literature review that local municipalities are still failing to fulfil their legal requirements to ensure participation of communities in local government processes due to human resources (Supra: 83). Needless to say, a fully capacitated LED driven office in Burghersfort would have probably produced a different outcome from the respondents.

6.2.1.1.4 Involvement in any LED projects

LED programs are expected to increase the economic prospects of municipalities and to contribute simultaneously to raising the elasticity of the macro-economic growth of the South African state. This question was posed to respondents as to whether they were involved in any LED projects was relevant as it would determine whether they were actively participating in changing their local socio-economic landscape. This question was also essential in ascertaining the measures taken by local government to promote economic growth.

Table 4: Involvement in LED projects

RESPONSE	MAROGA PHALATSEN G	MOOIHOEK	LEGABENG	MAKGEMENG
YES	11%	4%	10%	4%
NO	88%	87%	82%	88%
NO RESPONSE	1%	9%	8%	8%
TOTAL	100%	100%	100%	100%

The results from table 2 above, however, portray a very low level of LED involvement by local communities. Over 80 % of all the respondents from the 4 villages have not been engaged in LED work. The findings may also be related to the nature of rural typologies in Burgersfort. According to the perused literature, rural communities in South Africa have generally experienced lower rates of improvement over time when compared to urban municipal areas (Supra:81). There are various constraints to LED participation in rural communities such as spatial geography, challenges in smme development, lack of business attraction, lack of municipal involvement, lack of policy alignment, and limited human resource capacity. Given that the aim of study was to examine the impact of MPRDA on LED growth, this result also demonstrates that the MPRDA legislation has not been fully effective particularly due to issues of policy alignment between the Department of Mineral Resources, and the LED office.

6.3 LOCAL BENEFITS

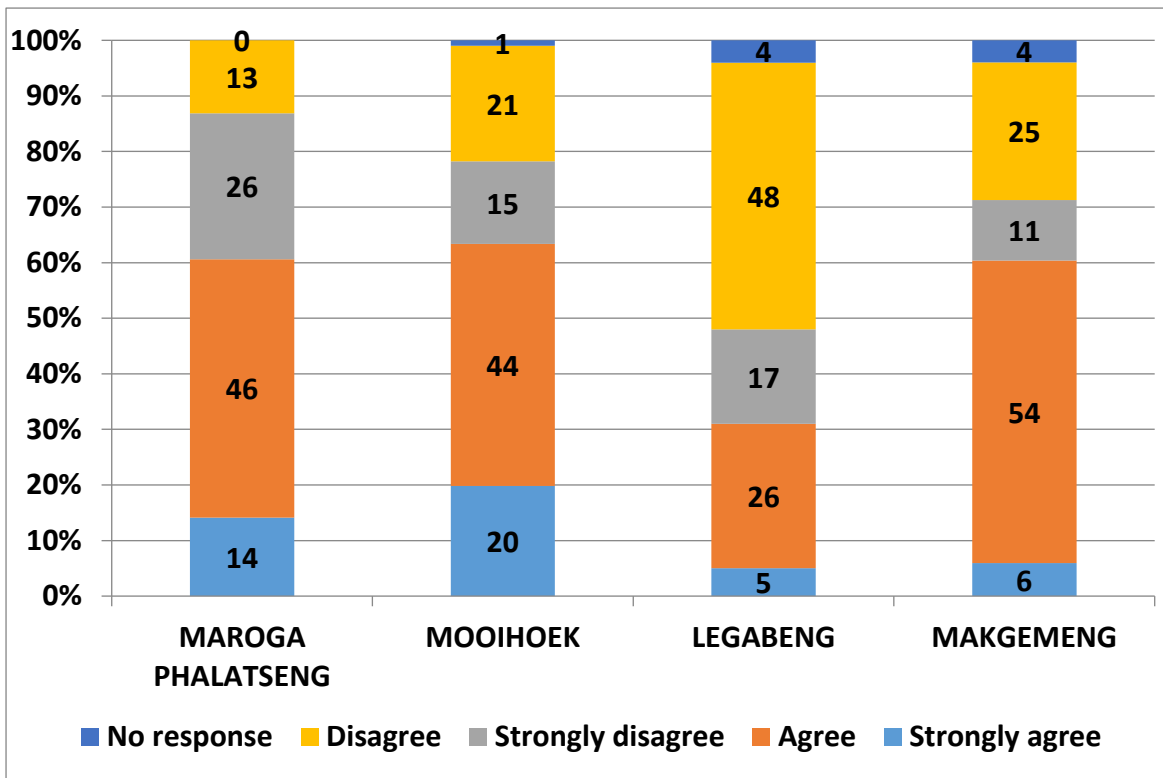
Due to the history of inequality established by the mining industry in South Africa, the government expects social responsibility from companies operating within the communities through the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) (MPRDA). Section 2.6 The Mining Charter of the MPRDA states that mine communities form an integral part of mining development, thereby requiring a balance between mining development and mine community socio-economic development. The Charter also states that mining companies must meaningful contribute towards community development, both in terms of size and impact (Supra: 87). The aforementioned subject matter was implemented in the second section of the questionnaire in order to determine the level of transformation being implemented by assessing the whether the communities were benefitting, whether the local mines brought enough employment to the majority of the local communities, the existence of the mines support to overall business success, and whether the mines created an acceptable number of LED projects in the local communities.

6.3.1 Are the local communities benefitting from the local mine?

The question, are the local communities benefitting from the local mine, was designed to gauge whether the respondents perceived any meaningful coordination and contribution from the mining industry, which is a critical element in ensuring mine community development. Mooihoek agreed at 64% followed by Makgemeng and Maroga-Phalatseng which each agreed at a total of 60%.

The response on figure 8 below demonstrates that while, LED growth may not be significant, the local villages view the mine as a source of income or benefit for the community. Particularly in regards to job creation. Based on the map in Chapter 5, all the 4 villages where the respondents come from are surrounding the mine making it the main industry. Makgemeng which had the highest figures of respondents agreed that local communities are benefitting is closest to the mine in proximity. The other respondents are negative as they are possibly not obtaining the same outcome as Makgemeng. The challenge with this finding is that it could not only promote unequal opportunities and societies but unequal relations which tends to fuel community protests.

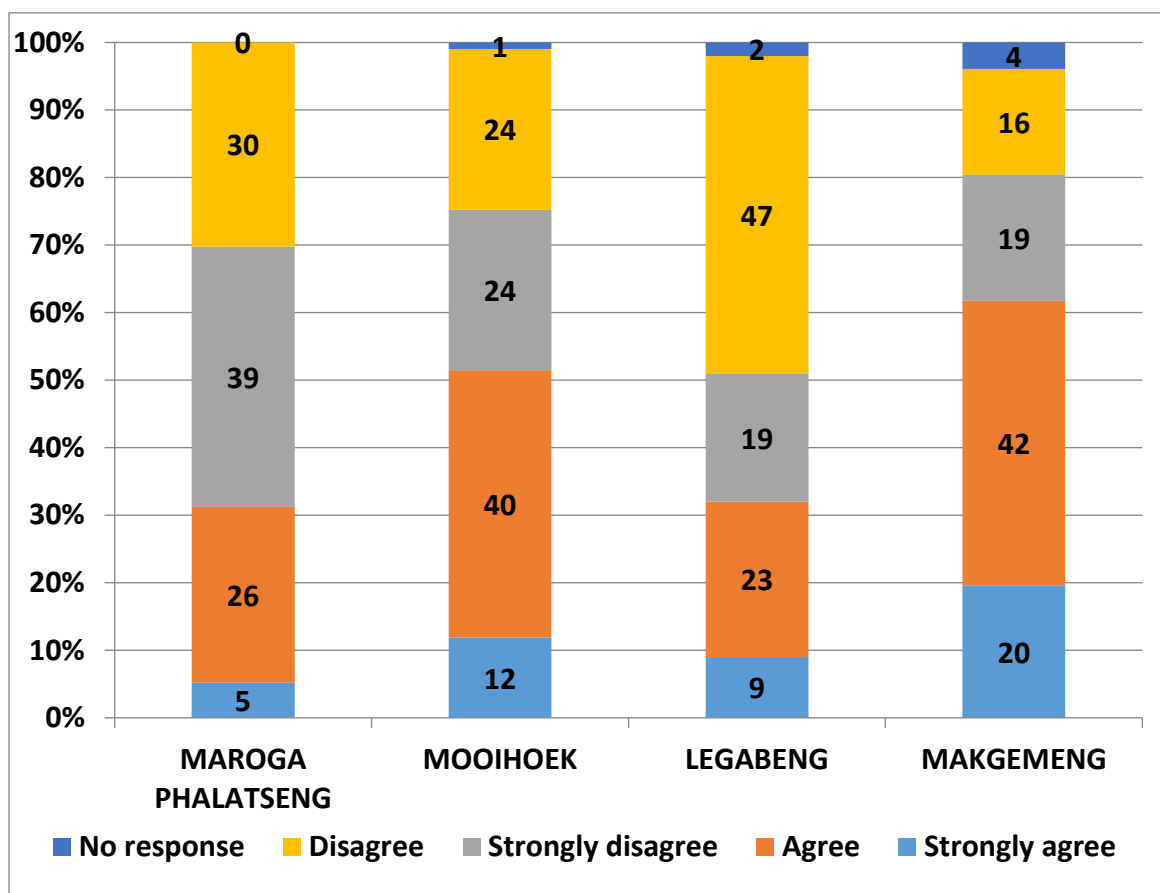
Figure 8: Local Communities benefit from the local mine



6.3.2 Did the local mines provide enough employment to a majority of the locals?

Employment is one on of the key requirements of the MPRDA. The literature review in Chapter two (2) establishes how the government policy on mineral beneficiation seeks to leverage the country's comparative advantage in mineral resource wealth to be a fulcrum for industrialisation by strengthening the linkages between mining and manufacturing, procurement, BEE, and the strengthening of downstream linkages which would in turn create jobs (Supra: 40). The objective of the question, did the mines provide enough employment to a majority of the locals, was to determine whether the respondents perceived employment creation through the local mining industry. Particularly since the mining sector has long been a major employer of mainly unskilled labour.

Figure 9: Employment offered by local mines to the majority of local communities



Interestingly, the results are quite mixed with Makgameng again with the highest figures on agree with 50%, and Strongly Agree on 15% making a total of 65%. Mooihoek was the next village to Agree at 43%, and Strongly Agree at 17% reaching a total of 60%. Legabeng had the lowest agreeing and strongly agreeing at 44%. The site map in chapter 5, explains the levels of disagreement as Legabeng is furthest from the mine while Makgameng and Mooihoek villages are practically adjacent to the mine. The findings are at median range demonstrating a number of community members who had a positive view of the mining impact on job creation. This therefore reveals that the mining benefit to the beneficiaries or communities, is unequal on the basis of proximities to the mine.

6.3.3 Does the existence of the mine support the overall business success in the local communities?

The MPRDA Act requires that the mining industry among other things, comply with the empowerment provisions set out in the Broad-Based Socio-Economic Empowerment Charter

for the South African Mining Industry. The BEE Charter effectively requires mining companies to transfer 26% of their equity or assets to 'historically disadvantaged South Africans' (HDSAs). The target for the procurement of capital goods is 60%, while local suppliers must also be manufacturing companies which are 'BEE compliant (Supra: 95). Given the aforementioned legislative requirements for procurement and BEE compliance, the question on the level of mine support for business development is significant as it speaks to the actual establishment or empowerment of small businesses through the MPRDA legislation.

There were more respondents who disagreed that the mines were facilitating business growth in the community. There was a high rate of disagreements. Legabeng disagreed at 47% and strongly disagreed at 19% making a total of 66%.

Table 5: Mining Support of the Business Community

Villages	Strongly agree	Agree	Strongly disagree	Disagree	No response	Total
MAROGA PHALATSENG	5%	26%	39%	30%	0%	100
MOOIHOEK	12%	40%	24%	24%	1%	100
LEGABENG	9%	23%	19%	47%	2%	100
MAKGEMENG	20%	42%	19%	16%	4%	100

Maroga Phalatseng followed closely with 39% strongly disagreeing, and disagreeing at 30% making a total of 69%. Makgemeng which is closer to the mine had a different outcome as the respondents from that community agreed at 42%, and strongly agreed at 20% equaling 62%. These findings demonstrate that making the MPRDA legislation a practical reality still remains a challenge which is highlighted in the literature review regarding rural communities. Despite the fact that South African rural communities are typically endowed with natural resources which can be used as a means to jump-start their own economic advancement, these resources are seldom engaged to enable local populations reap the benefits of their own economic potentials (Supra: 87). The findings also demonstrate that the mining companies may not have much confidence in the BEE system, particularly its level of productivity leading them to secure local content or business elsewhere. Finally the findings also speak to the Department of Mineral Resources 2009 report that the mines were not complying with the MPRDA.

6.3.4 Did the mine create an acceptable number of LED projects in the local communities?

The emphasis behind this question, did the mine create an acceptable number of LED projects is due to Section 2 of the BEE Act (53/2003:4-5) which indicates that the objectives of the BEE Act are to facilitate broad-based BEE by promoting economic transformation in order to enable meaningful participation of black people in the economy and by empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills as referenced in Chapter 2 (Supra:40). Table six (6) demonstrates Legabeng disagreeing at 64% and strongly disagreeing at 13% totalling 77%. Maroga Phalatseng strongly disagreed at 36% and disagreed at 30% totalling 66%. Mooihoek strongly disagreed at 32% and disagreed at 23% totalling 56%.

Table 6: The Mines created an acceptable number of LED projects in the local communities

Villages	Strongly agree	Agree	Strongly disagree	Disagree	No response	Total
MAROGA PHALATSENG	7%	28%	36%	30%	0%	100
MOOIHOEK	6%	38%	32%	23%	2%	100
LEGABENG	1%	14%	13%	64%	8%	100
MAKGEMENG	10%	43%	8%	36%	4%	100

Basically, the majority of the respondents disagreed that the mines have created LED projects or the surrounding communities. It was only Makgemeng, the village close to the mine that had the least number of respondents who disagreed. This question also resonates with the question under the biographical detail section, 6.2.1.4 which asks whether there are any LED Driven programs. As in the biographical details, question number 6, where over 80 % of all respondents from the 4 villages stated that there had been no mining engagement to promote LED projects, the majority of respondents are also confirming that there have been a limited amount of LED projects created. The findings affirm the DMR's 2009 report on compliance found that many mining communities were still living 'in abject poverty, and progress on BEE ownership remained limited thereby benefitting a limited number of people (Supra 87).

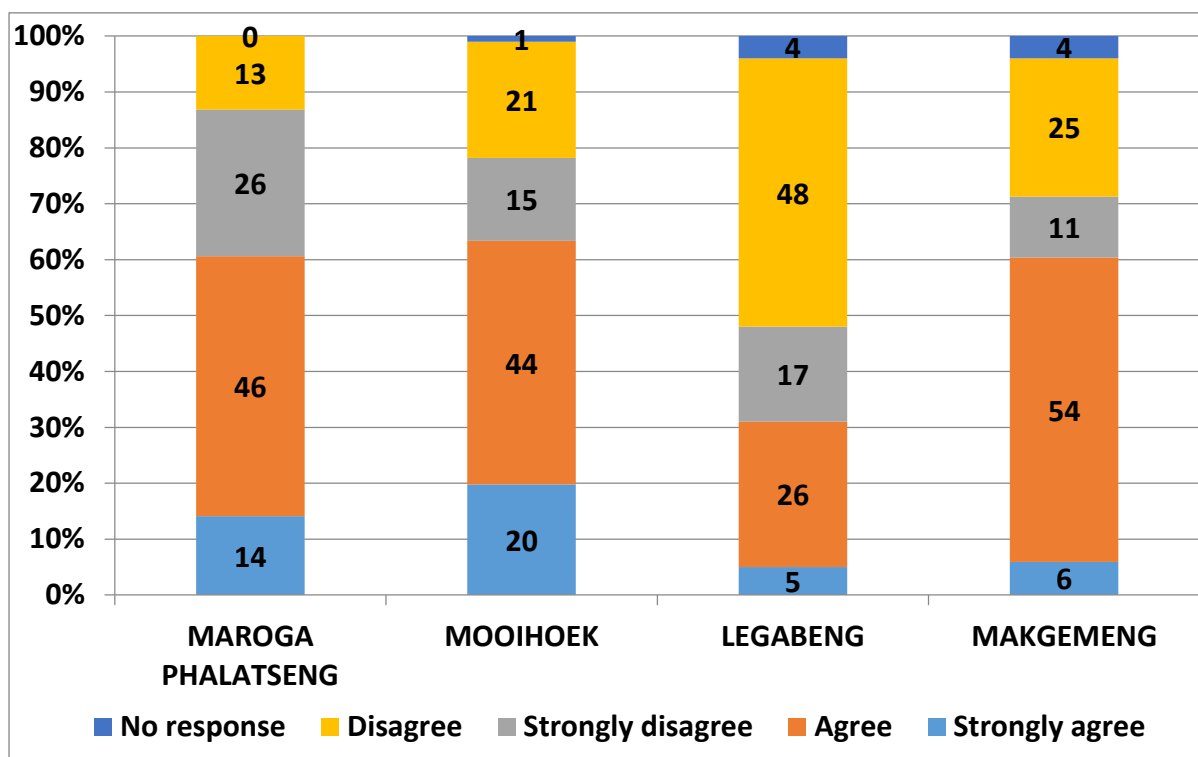
6.4 COMPLIANCE OF MINES ON SOUTH AFRICAN MINING LAWS

South Africa has been broadly defined as a mineral economy consisting a high level of natural resources in the world. However, despite its enormous resource wealth, South Africa remains one of the most unequal societies in the world. Consequently, the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) was designed to promote economic transformation for the historically disadvantaged communities. The MPRDA provides the regulatory framework for the promotion and regulation of the industry by the DME, as well as the equitable access to and the sustainable development of the nation's mineral resources and related matters. The objective of this section was to establish from the respondents as to whether they viewed ASA Metals to be compliant with the MPRDA which would in turn transform their local economies as required by the Act.

6.4.1 Did the local mine adhere to the principles of the SA mining law (MPRDA)?

This question was in order to determine implementation of the mining legislative act. The MPRDA has various legal sections such as the BBE, the Social Labour Plan (SLP), community consultations etc. According to the reviewed literature, Section 23, 24 & 25 of the MPRDA, mining companies must submit an SLP when applying for mining rights, and the local economic development (LED) of the SLP must be aligned with the local and district municipality Integrated Development Plan (IDP) (Supra 86). The issue of mining compliance is one of the key matters raised in the report as a challenge. A majority of the respondents from Makgemeng at 60%, Mooihoek at 62%, and Maroga Phalatseng at 60% agreed that ASA Metals adhered to the legislative requirements. The respondents from Lekgabeng were the exception as a majority of them disagreed that the mine is adhering to legislative prescripts. This means that residents in Lekgabeng do not perceive that the mine has actively implementing the MPRDA in their community.

Figure 10: Adherence of mine to SA Mining law (MPRDA)



The results on the table above also indicate that there may be a need for the local government to ensure that the mining activities do not just occur in selected areas such as Makgemeng, but also spreads its tentacles to other neighbouring villages that are in the vicinity such as Makgemeng. The results also speak to the interview findings where the community members felt that legislative application of the MPRDA was a complex task particularly since the Limpopo (LIMDEV) and the Department of Mineral Resources ended up at the constitutional court on BEE matters which was perceived to have had a negative impact on mining production (Supra: 169).

6.4.2 Does the local mine regard the community as stakeholders of their business

The key objective of the Mining Charter is to accelerate black economic empowerment (BEE) in the industry with a focus on some of the following: human resource development, mine community development, procurement, and reporting. All these BEE measures can only be implemented through collaboration between the mine and the surrounding community. It also means that the mine would have to actively reach out to the community as a key stakeholder.

Table 7: The mine regards community members as stakeholders

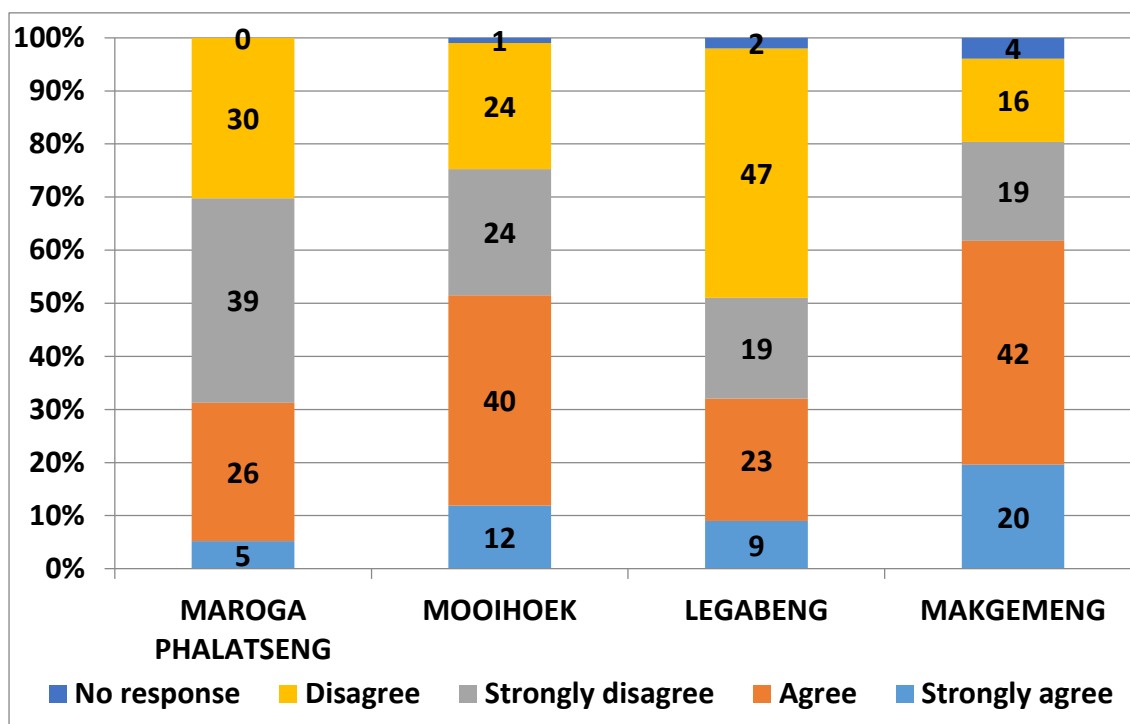
Villages	Strongly agree	Agree	Strongly disagree	Disagree	No response	Total
MAROGA PHALATSENG	9%	42%	25%	24%	0%	100
MOOIHOEK	17%	43%	22%	18%	1%	100
LEGABENG	11%	33%	17%	37%	2%	100
MAKGEMENG	15%	50%	18%	13%	4%	100

The question as to whether the mine views community members as stakeholders as required by the MPRDA was designed to determine the perceived relationship by the respondents between ASA metals and the surrounding villages. Except for Legabeng, a majority of the respondents agreed that the mine viewed the community members as stakeholders of the mining companies. Makgemeng was the highest with percentages of 50% agree and 15% strongly agree making a total of 65%. Mooihoek followed with 43% agree and 17% strongly agree totalling 60%. This response from the community is positive in terms of partnership alignment. The findings demonstrates that there is some level of transparency and consulting done between the mine and community

6.4.3 Did the mine impact positively on LED success in the local area?

The South African Constitution (1996) promotes the advancement of LED followed by South Africa's National Framework for Local Economic Development (NFLED) which offers a new approach for stimulate and develop sustainable local economies that will create employment opportunities and reduce poverty through the implementation of government policies and programs. In support of the South African Constitution and NFLED, the Mining Charter also promotes socio-economic development as it compels mining companies to contribute towards socio-economic development projects in the area in which their operations occur (Supra: 78). Mining companies are therefore expected to play a role in the implementation of LED projects

Figure 11: The mine had a positive impact on LED success in the local area



This question was crafted to determine whether respondents perceived that the mine was playing an active role in promoting socio-economic development. Makgemeng and Mooihoek agreed significantly. Makgemeng agreed at 42% and strongly agreed at 20% totalling 62%. Mooihoek followed by agreeing at 40% and strongly agreeing at 52%. Legabeng was joined by Maroga – Phalatseng which did not agree. Legabeng disagreed at 19% and strongly disagreed at 47% totalling 66%. Maroga Phalatseng strongly disagreed at 39%, and disagreed at 30% totalling 69%. The afore-mentioned findings from the respondents present a diverse view from the four villages as half of them don't believe that the mine positively impacted on LED growth in the area. This finding resonates with the literature review in Chapter 4 which indicates that despite the new political dispensation of 1994, most mining communities in South Africa remain characterised by mainly isolated economic conditions, and that BEE ownership remains complex in its application (Supra:97).

6.4.5 Has the mine helped the development of the local economy?

The Mining Charter compels mining companies to contribute towards socio-economic development projects in the area in which their operations occur. This process could be implemented through various measures such as job creation or through initiatives such as roads

and hospitals. These afore-mentioned social activities would in turn have a significant impact on local government objectives which are to develop the local economy. There was a high level of respondents who disagreed that the mine helped the development of the local community. Legabeng came out with a high level of strong disagreement. Sixty-four (64%) disagreed, while 13% strongly disagreed providing a total of 77%. Maroga Phalatseng followed Legabeng with 36% strongly disagreeing, and 30% disagreeing making a total of 66%. The majority in Mooihoek also disagreed at 23% and strongly disagreed at 32%.

Table 8: The mine helped the development of the local economy

Villages	Strongly agree	Agree	Strongly disagree	Disagree	No response	Total
MAROGA PHALATSENG	7	28	36	30	0	100
MOOIHOEK	6	38	32	23	2	100
LEGABENG	1	14	13	64	8	100
MAKGEMENG	10	43	8	36	4	100

Respondents from Makgemeng were the only ones which differed with the other villages with 43% respondents agreeing, and 10% strongly agreeing totalling 53% who believed that the mine had developed the local economy. This finding speaks to the literature review which states that most mines have not been actively promoting the Integrated Development plan, or the Social Labour Plan. The finding also raises questions about the level of local government capacity to meet facilitate LED processes promulgated by the mines.

6.5 MINERAL BENEFICIATION

The Government policy on mineral beneficiation seeks to leverage the country's comparative advantage in mineral resource wealth to be a fulcrum for industrialisation by strengthening the linkages between mining and manufacturing. The perused literature in chapter 2 asserts how beneficiation entails the transformation of minerals to a higher value product, which can either be consumed locally or exported. The term is used interchangeably with value-addition (Supra: 42). Furthermore, the Department of Minerals and Resources states that mineral beneficiation involves the transformation of raw materials using capital and human resources to produce a finished product that has a value higher than that of the raw material (Supra:42). This section on mineral beneficiation is critical as beneficiating minerals would promote the establishment

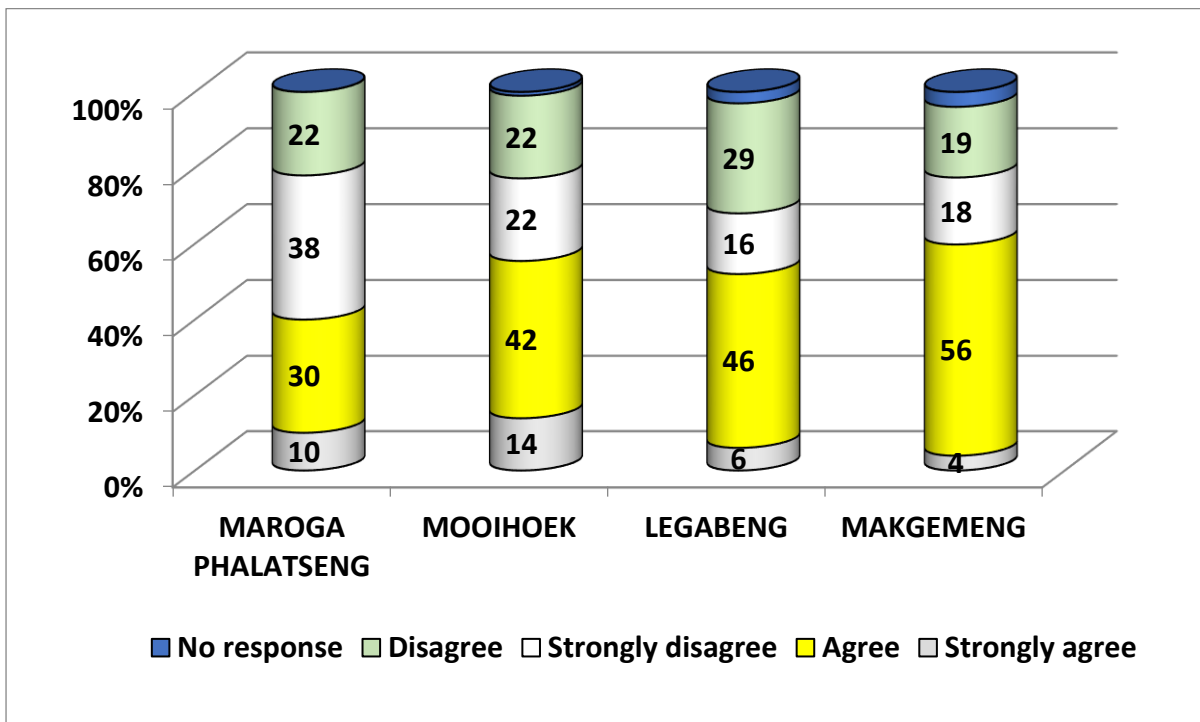
of manufacturing plants which would reduce South Africa's current export of raw minerals. In the case of ASA Metals, high end beneficiation would consist of a manufacturing plant which would transform the raw mineral ferrochrome into steel. The production of steel from Limpopo would create jobs and improve the county's industrialisation level as steel is utilised in building bridges, cars and many other items that are daily used by the society at large. High end beneficiation would also fast track LED growth in the community due to the steel industry.

This section focused on productive implementation of the MPRDA with tangible mineral beneficiation outcomes. The community was asked whether they believed that the local mines applied the mining laws, whether ASA Metal regarded the local people as stakeholders, and whether the mine has developed the economy and improved LED growth. The questions in this section were also designed to determine whether the community was benefitting from the mine through high level beneficiation which would not only promote job creation, and infrastructure development, but facilitate sustainable long term LED projects through effective BEE measures, procurements, and smme growth.

6.5.1 Is the community benefitting from the mine through job creation?

The issue of job creation in the mining industry is a contentious issue. The MPRDA emphasizes on job creation given the political history which facilitated the exclusionary policies of the apartheid regime, banning Blacks from participating in skilled labour production, and requiring cheap labour outside its borders. This question is critical as it presents the crux of the MPRDA which is to create jobs and promote skills labour in a country which has a very high unemployment rate. According to the findings, the questionnaires implemented in Makgemeng reached a consolidated total of 60% of the respondents confirming that the community benefited from local mines in terms of job creation. Makgemeng was followed by Mooihoek at 56%, Legabeng with 56% and Maroga Phalatseng being the lowest that agreed to the premise that the community was benefitting from job creation at 40%. Except from Maroga Phalatseng where the community disagreed at 60% that there were job creations, a majority of the respondents were positive about MPRDA implementation of job creation.

Figure 12: The community is benefitting from the mine through job creation



These results are actually quite contradictory to the fact that the community members from the same villages engaged in protests due to lack of job creation in 2015. However, it is also important to note that these questionnaires were implemented after the mine was placed under business rescue thereby shedding off significant employment. The impact of the mine closure after the 2015 labour strikes and community protests may have influenced the respondents view as to whether their actions had contributed to an opposite effect as the mine was functioning and creating jobs before the community protests.

6.5.2 Are there community projects as a Result of the mining Industry?

The question, are there any projects as a result of the mining industry, was designed to assess whether community empowerment through development projects were being implemented as required by the MPRDA. As already established earlier, Section 23, 24 & 25 of the MPRDA, requires mining companies to submit a Social and Labour Plan (SLP) when applying for mining rights, and the local economic development (LED) of the SLP must be aligned with the local and district municipality Integrated Development Plan (IDP) (Supra: 86).

All the respondents from the 4 villages disagreed that there were significant community projects as a result of the mining industry. Maroga Phalatseng strongly disagreed at 42% and disagreed at 23% creating a total of 65%. Mooihoek strongly disagreed at 32% and disagreed at 39% totalling 71%. Legabeng strongly disagreed at 28% and disagreed at 51% totalling 74%. Makgemeng which usually agrees in favour of the mine had 22% strongly disagreeing, and 33% disagreeing, establishing a total of 55%.

Table 9: There are community projects as a result of the mining industry

Villages	Strongly agree	Agree	Strongly disagree	Disagree	No response	Total
MAROGA PHALATSENG	5	30	42	23	2	100
MOOIHOEK	4	24	32	39	1	100
LEGABENG	5	18	23	51	3	100
RIBACROSS MANDELA	2	39	22	33	4	100

The community perceptions signify that there has been poor alignment of mining Social and Labour Plans with municipal Integrated Development Plans which probably have had serious negative impacts on local communities' economic development. The findings also speak to the 2009 DMR assessment to ascertain the progress of transformation of the industry against the objectives of the Charter in the mining industry. The assessment of the Mining Charter by the DMR 2015 findings found in regards to mine community development for example, 63% of companies engaged in consultation processes with communities had not presented any evidence of a direct link between community development projects and the needs of affected communities (Supra: 87).

6.5.3 Is the community benefitting from the mine through infrastructure and industrial development?

Minerals are usually regarded as a catalyst of development in as far as they can provide the basic infrastructure (road, ports, rail, power and water) that can open up previously isolated areas or enhance existing areas of low economic activity (Supra 85). The enhancement of positive social infrastructure impacts may be achieved by addressing the challenges facing Local Economic Development (LED) which are identified in the local government Integrated

Development Plans (IDP). The basis of this question was to ascertain whether the respondents felt that their communities had modernized due to the mine.

Table 10: Mineral beneficiation through infrastructure or industrial development

Villages	Strongly agree	Agree	Strongly disagree	Disagree	No response	Total
MAROGA PHALATSENG	10%	19%	31%	40%	0%	100
MOOIHOEK	6%	34%	32%	26%	3%	100
LEGABENG	2%	14%	24%	55%	5%	100
MAKGEMEN G	4%	55%	18%	18%	5%	100

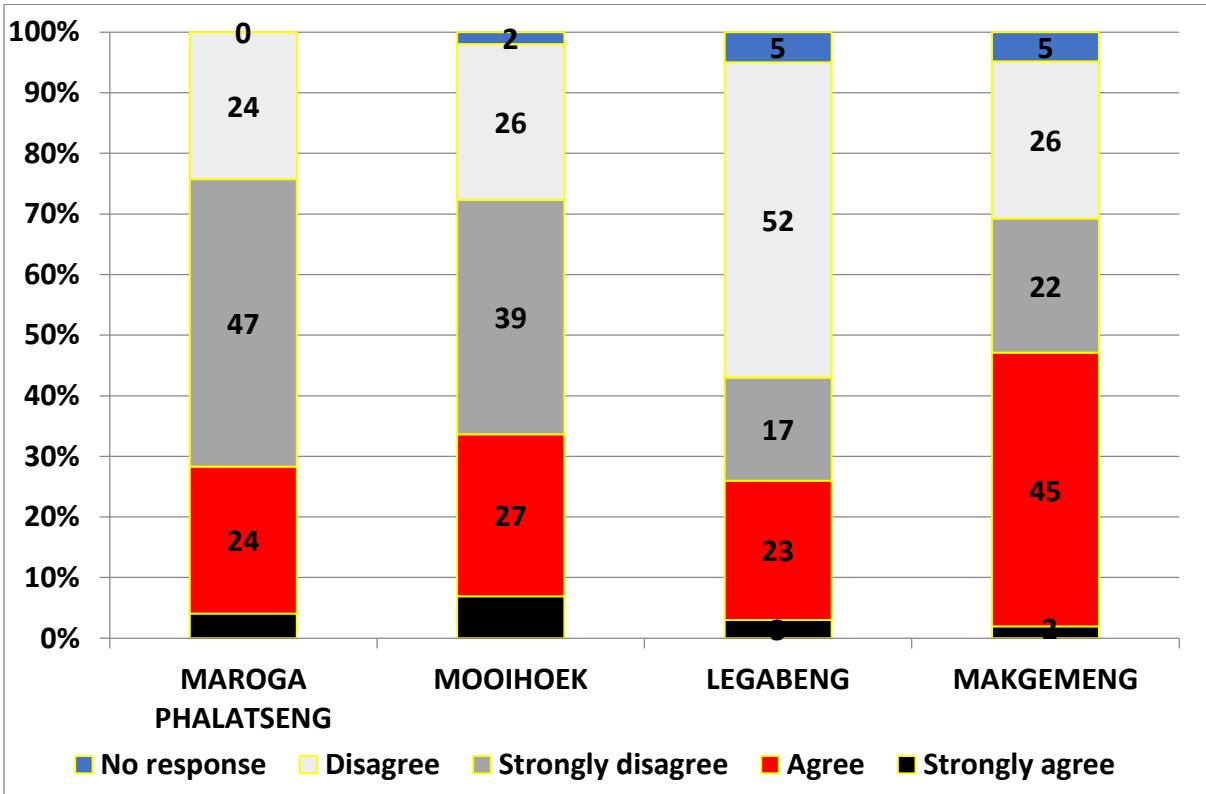
Respondents from all the four villages disagreed that their community had developed infrastructurally from the mine, or industrialised. Legabeng disagreed at 79% followed by Maroga – Phalatseng at 71% and Mooihoek at 52%. The findings from the respondents resonate with the literature review that most of the communities in which the mining companies operations are faced with numerous social challenges such as poverty, poor health, bad education, unemployment and a lack of basic infrastructure such as water, housing and roads (Supra:41). It also resonates with the community liaisons who were interviewed and rigorously denied any infrastructure development that existed (Supra: 173). Finally, the findings also demonstrated how the mine according to community liaisons had limited its level of infrastructure development to a recovery plant which had minimal impact to infrastructure development and job creation as envisioned through the MPRDA Act no 48 of 2002 (Supra:173).

6.5.4 Do LED business projects in the community provide benefits from the mining industry?

The objective of this question, do business projects in the community provide benefits from mining was to determine whether the community members were aware of any LED business projects emanating from the mining industry. The question is premised on South Africa’s BEE measures designed to promote economic transformation; achieve a substantial change in the racial composition of ownership; and management structures of existing and new enterprises which empower rural and local communities (Supra: 94). LED projects that promote community participation are an essential aspect of BEE long-term economic upliftment of communities.

The findings demonstrated high levels of disagreement that LED projects in the community were supported by the mining company. Maroga Phalatseng has the highest level amongst all the villages which strongly disagreed at 47%, and disagree at 24% making a total of 71%. Legabeng respondents disagreed at 52% and strongly disagreed at 17% making a total of 69. Mooihoek also had a high response of strongly disagree at 39% and disagree at 26% creating a total of 65%. Makgemeng has the lowest level of respondents that disagreed at 22% and strongly disagreed at 26% equalling 48%.

Figure 13: Benefits from the mining industry through LED business projects



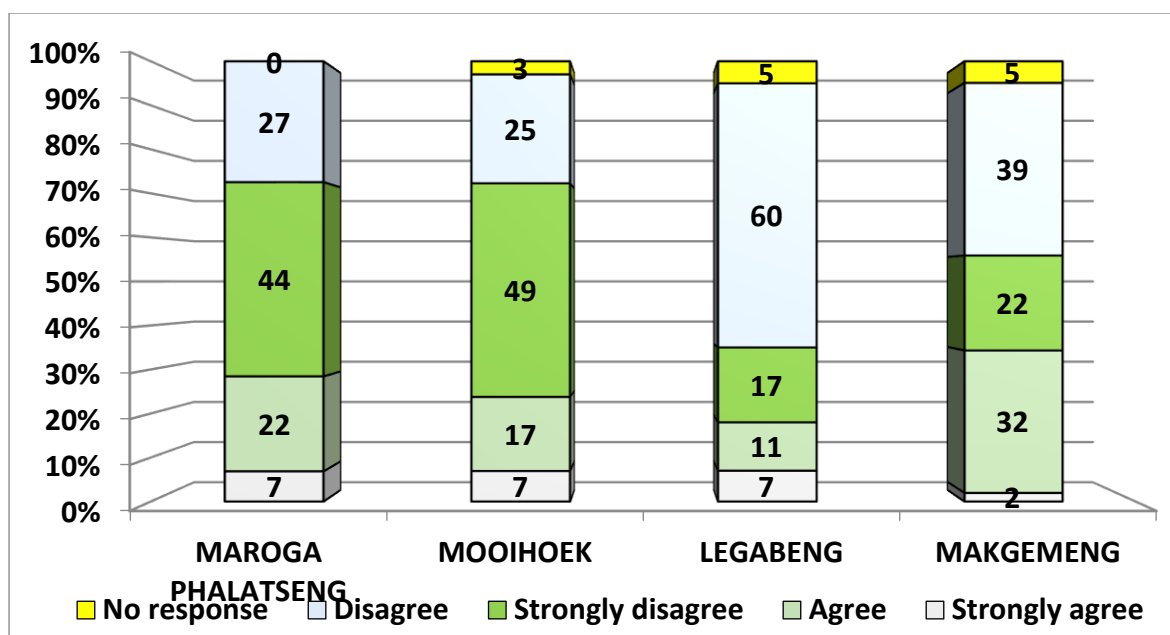
The responses in this section is reflective of section one, 2.3, *did the mine create an acceptable number of LED projects in the local communities?* The findings reflect that BEE has not managed to cross over to the masses as indicated, which has impacted on the ability for local government and the mining industry to implement successful business projects. There literature review indicates that there also exists is a business gap where local community members are unable to establish LED business projects that speak to the mine’s needs, and

the capacity to also succeed in procurement and other business requirement which is presented in Chapter 4 (Supra: 97).

6.5.5 Are the LED projects in the mining industry sustainable and long term?

According to the 2009 DMR report, there was minimal local economic development in most mining communities. The South African government legislated the establishment of the Mineral Petroleum Resources Development Act 48 of 2002 (MPRDA) in order to maximize economic benefits to the society in general. The purpose of this question was to gather perceptions from the respondents to establish sustainability of the current LED projects through mining. In regards to this question all the villages disagreed that ASA Metals had created sustainable long term LED projects. Legabeng is leading with a total of 17% strongly disagree and 60 % disagree equalling 77%. Mooihoek follows with a combined total of disagree at 74. Maroga Phalatseng on the other hand has 44% strongly disagreeing and 27% disagreeing totalling 71%. Makgemeng has 22% strongly disagreeing and 39% disagreeing establishing a total of 61%.

Figure 14: Views on the sustainability of LED projects with Mining Industry



This finding collaborates with the literature review that despite the existence of minerals in South Africa, communities situated in the vicinity of those mines are not benefiting from such mining activities in terms of local social-economic benefit (Supra:9). Notwithstanding the fact that South Africa has devised many regulations to ensure that the mining communities benefit from

the industry through LED. There is obviously a challenge in the effective implementation of the various instruments such as the Mining Charter and Social Labour Plan. Moreover, according to the interviews gathered from some of the municipal officers presented later in this thesis, there was limited inter-government collaboration which affects LED development. Needless to say, the continued disconnection between policy intentions and practice that remain phenomenal within industrial growth and economic development in South Africa are negatively impacting on LED and MPRDA objectives.

6.6 QUALITATIVE DATA COLLECTED

The objective of the data collection through interviews was to gather information on the role of the various stakeholders in promoting LED growth through the mineral beneficiation. Data was collected through structured, and semi-structured interviews. The interview was divided into four parts which are: Implementation of the MPRDA and local economic growth; the MPRDA and job creation; MPRDA and LED policy alignment, and MPRDA and globalization. These aforementioned questions were premised on the objective of this study which was to determine the governance of mineral industrialisation in South Africa as a means of improving local economic development.

6.7 BIOGRAPHICAL INFORMATION

Under biographical information, the respondent's employment or organisational affiliation, was required to determine the level of the stakeholder in regards to ASA Metals mine. The number of years worked at the particular institution was also requested in order to determine the level of experience and knowledge regarding the mining industry and economic growth. The location of the official was deemed necessary to identify relevance of the particular individual to the mine. The key locations where the respondents were identified were Pretoria and Johannesburg, Gauteng, and Burgersfort, Limpopo. The Department of Mineral Resources is based in Pretoria, while the head office for ASA Metals major partner, Sino Steel is based in Johannesburg. The rest of the stakeholders like the municipality official, and community liaisons were all based in Burgersfort. Except for the Community Liaison Officer, a majority of the respondents had been engaged in the particular job and acquired immense expertise over the years. The Community liaison was a new process that had only been introduced to the system over the recent years. The interviews were administered orally, accompanied by manual writing and then stored for further analysis. The interviewees were also presented with a letter

attached informing them about the PhD research being undertaken, and a choice to withdraw from the interview if they felt like it. The aspects of investigation were: opinion about MPDRA, corporate social responsibility projects in the local area, local development projects supported by the mine in the local area, opinions on community benefit from the mining activities, mineral beneficiation per the MPRDA legislation, MPRDA and job creation, compliance of the MPRDA through high end beneficiation through industrial and infrastructure processes, the impact of the global crisis on the mining industry and surrounding communities, and the neoliberal approach as an economic model to benefit the local communities.

6.7.1. Mine management interview

The mining management that was present for the interview represented the majority shareholder of ASA Metals which is Sino Steel. Sino-Steel owned 60% of ASA Metals, whilst the Limpopo Economic Development Enterprise (LIMDEV) owned 40%. Decision making for ASA-Metal was done by the management at the Sino-Steel Head Office in Johannesburg.

6.7.1.1 WHAT IS YOUR OPINION ABOUT THE MPRDA?

This question was also asked on the basis of the 2009 DMR report which is part of the literature review in chapter 4. The DMR report states that most mining companies were not meeting targets, and still demonstrate some level of resistance to implement social labour and economic growth plans (Chapter 4: 87). The mining company respondent indicated that the Minerals and Petroleum Resources Development Act of 2002 has in a sense created a number of compliance challenges for the management of mining operations in South Africa. The challenges are due to the manner in which the act has been implemented by the Department of Minerals and Energy. An example of the challenges given by the manager was that the DMR seems to be selective on legislative application as their offices seemed to focus mainly on health and safety which while critical, needed to be applied with the entire objectives of the MPRDA.

“The DMR focuses a lot on issuing stoppages and compliance issues which have increased the costs of legal compliance for mining operations. “What happens when a company has gotten a BEE partner who meets the requirement, gives them the 26%, then the partner turns around and sells their share to a White person. DMR does not interrogate whether the Black person sold their share without the company even knowing. Instead they just quick to issue an order of no compliance without gathering the facts. We are not saying the DMR should not focus on health and safety issues, including BEE. However, it should be done within context in order to

meet the broader objective. In my opinion the MPRDA is a necessary legislation given the history, but implementation is a challenge I think.” The statement aforementioned statement speaks to the need for more cooperation between DMR and the mining industry in the oversight and implementation of the MPRDA. It also raises the need for a holistic training requirement for officials which will give them advanced knowledge of BEE principles to be able to correctly implement the new requirements.

The mine management also indicated that its perceptions of MPRDA were challenged due to a legislative battle which took place between DMR and LIMDEV over the BEE ownership quotas at ASA Metals. The manager stated:

“LIMDev was representing the local community interest through its 40% stake, while China through Sino Steel owned 60%. However, in terms of the MPRDA, LIMDev was required to sell 30% of its 40% stake to a Black shareholder in order to enable ASA Metals to be BEE compliant, and therefore obtain a new for order mineral rights. But in 2009, DMR told LIMDev to halt the sale based on a government decision to halt further privatization of state owned mining interests. DMR not only did not allow 26% to go to BEE stating that government shares cannot be diluted, but the matter ended up in court.

LIMDev also did not have any monies, hence that was why it was selling its shares to a Black person in order to meet the 26% which was denied. This meant that the mine was stuck with 40% of LIMDEV shares that had no financial values, and per would have to still sell another 26% to a BEE partner which would total 66%. Investors such as Exim bank viewed the remaining 34% as a loss. They were not willing to give Sinosteel financing over 66% that had no equity. This legal battle had an impact on the mine developing further as financing became a hurdle.”

The findings demonstrate that application of the MPRDA remains a challenge particularly in regards to BEE. The challenges relate to BEE deals, the lack of capital, or access to capital by BEE partners such as LIMDEV which were also discussed in the literature review (Supra: 97). Compliance of MPRDA in this instance was complex, as LIMDEV was representing the historically advantaged in Limpopo, and yet not considered BEE compliant. On the other hand, selling the 30% stake for a BEE shareholder was considered against the law by DMR, which meant that LIMDEV would have to then keep the 40% stake, and sell another 26% in order to

be compliant. The findings also demonstrate that there continues to be a lack of common understanding or different interpretations between all the stakeholders on the meaning of empowerment and transformation in regards to BEE.

6.7.1.2 WHAT ARE YOUR CORPORATE SOCIAL RESPONSIBILITY PROJECTS IN THE LOCAL AREA?

This question, what are your corporate social responsibility projects, was asked because the MPRDA requires companies to construct social and labour plans (SLPs). In terms of CSR, the most important objective of the MPRDA Act is Section 2(i) which ensures that mining companies contribute towards communities in their area of operation. Table eleven (11) below is what was given to the LED office as the list of ASA Metal projects funded to promote socio-economic development.

Table 11: Corporate social responsibility projects by ASA Metals

PRODUCT	FINANCIAL YEAR	BUDGET VALUE IN RANDS	STATUS
Internal Transport	2013/14	R480,000.00	N/A
Shelter for women	2013/2014	R500,000.00	N/A
Waste management	2011/2016	R12m	Ongoing
Fencing of health post	2013/14	R45,000.00	N/A
Change house and laundry	2011/2014 Ongoing	R7,812,000.00	N/A
Maroga Training Center	Pending	R3.3 million	Pending
Maputle Secondary School	2011-2012	Pending	Pending

Based on the table, eleven (11) one can see that several projects were either ongoing or pending. Except for the waste management project which was supposed to be ongoing in 2016 the majority had a life span until 2014. Maputle Secondary was the exception which had a life span until 2012. It must be noted that the figures on the table were the latest ones provided. Furthermore, given that the mine is currently under business rescue all these projects have been put on hold. The findings from the social projects listed on table 11 also demonstrate that there were some efforts at CSR by the mine in compliance with Section 2(i) of the MPRDA. The key issue regarding these CSR projects would be whether they were aligned with the municipal integrated development plan in order to impact significantly to the community needs.

Unfortunately, the LED office never confirmed alignment of these CSR projects to the municipality

6.7.1.3 HOW DO YOU ENSURE GOOD GOVERNANCE FOR LOCAL STAKEHOLDERS THROUGH YOUR ORGANIZATION?

The question, how do you ensure good governance for local stakeholders, was asked because, historically, there has been a great amount of tension between mining companies and the communities where they operate (Supra 86). Moreover, mining companies, often owned by non- South Africans, have practiced a history of total disregard for the socio-economic environment of the surrounding communities. The mine respondent indicated that governance measures had been strongly promoted through relevant consultations stakeholders. The respondent stated that the community, governance measures were typically discussed with the Maroga chief and the community trust members whose key objective was to promote the community's interests. The mine respondent emphasized that ensuring governance was a challenge due to expectations placed on them by the local community to not only develop their communities but practically implement service delivery. *“Meeting the demands of the community was a challenge as the local community itself was sometimes divided into various groups and people who were really not about promoting the community interests, but seeking to benefit their pockets. This kind of culture was unsustainable as it produced unrealistic demands that this company and several others could not meet. The local government officials had their own demands, the different unions had their list, tribal chiefs had separate lists, and the community liaison officers had their own expectations.”* The mine respondent questioned the possibility of streamlining the demands amongst all the stakeholders through governance processes applied by all stakeholders.

6.7.1.4 WHICH ARE THE LOCAL ECONOMIC DEVELOPMENT PROJECTS SUPPORTED BY THE MINE IN THE LOCAL AREA?

This question, which are the local economic development projects supported by your mine, was designed to determine the level of alignment between the LED office and the mine to promote LED. The Mining Charter, Article 22 highlighted in the literature review also states that multinational companies supplying capital goods to the industry are required to make an annual contribution of no less than 0.5% of the income they generated from local mining companies towards a social development fund for the socio-economic development of local communities (Supra: 96).

The above question is also relevant because mine projects have the potential to serve as catalysts for local economic development. The list of LED projects demonstrated in table 12 below was also submitted by the LED office.

Table 12: LED projects by ASA Metals in Burgersfort

PRODUCT	FINANCIAL YEAR	BUDGET VALUE IN RANDS	STATUS
Mohtrans	2010/2013	R5.4 million	Ongoing
PPE	2013/2014	R4.6 million	Ongoing
Firozistar CC	2011/2016	R16,452,000.00	Ongoing
Metal Recovery Plant	2008 - ongoing	R31 million	Ongoing

Unlike the corporate social responsibility projects in table 11, the LED projects were all ongoing. The LED official asserted that *“the Metal Recovery Plant served as a constructive LED arrangement as it was conceived in joint collaboration with the Maroga Community trust. The shareholding structure was that 40% belonged to the Maroga community, and 60% to ASA Metals respectively.”* Because the local community members interviewed were not fully aware of the other companies besides Metal Recovery Trust, the Researcher further established the validity of all the other LED based companies on table 12 through the internet and discovered the following: Mohtrans is listed as a co-operative which focuses on transport, building, construction and fencing services. Given that it is a co-operative, its capacity to involve more community members is a possibility making it relevant in regards to LED growth. The internet results on Firozistar CC on the other hand, portrayed a civil engineering company owned by only one white individual. The company does not seem to have any relation with the local community or BEE related, and yet received R16.452, 000.00 according to table 12. The finding regarding Firozistar CC as a non LED growth tool flags the challenges of BEE compliance and validity. Getting information on the PPE was not possible. The findings demonstrate that out of the 4 companies, at least 2 of them were valid BEE compliant entities that contributed towards LED growth in the community. However, there needs to be a better monitoring and evaluation system implemented in order to eliminate misleading information as is the case with the company which is listed as BEE when it is not which undermines the whole value system of transformation.

6.7.1.5 ARE YOU OF THE OPINION THAT THE LOCAL COMMUNITY IS BENEFITTING FROM THE OPERATION OF YOUR MINING ACTIVITIES?

The Department of Minerals Resources in the MPRDA and Mining Charter stresses that mining companies be required to comply with local development objectives, spatial development framework, and integrated development planning of municipalities within which they operate. They are also encouraged to promote social participation by conducting their businesses in such a manner that the needs of local communities are taken into consideration.

The mine respondent reiterated the difficulty in measuring the impact of the mine on the local community due to the various expectations by the local communities for mining companies to fulfil social needs. The respondent also argued that local benefit was difficult to achieve especially in regards to LED projects because of BEE capacity. *“Some of the local BEE companies are inexperienced resulting in them producing poor quality work and they also don’t exactly produce items relevant for mine consumption. The problem also is, if the shoddy work contributes to an injury at the workplace, DMR does not consider that the shoddiness may be created by an external party but instead just hits the mine with a stoppage. The LED process of creating enterprises needs to be aligned with the mining industry in order to create a sustainable value chain.”*

This finding demonstrates that for mining operations to fully benefit local rural communities, legislative instruments such as the MPRDA are not enough. Capacity building, education and training may be more strategic in ensuring that BEE promotes LED growth. The literature review also speaks to the shoddy work culture that has permeated BEE measured projects (Chapter 3:72). Ownership is not enough to promote BEE. Other elements such as capacitating the local community on how to provide professional instead of shoddy work to the mining industry are also critical.

6.7.1.6 IS YOUR MINE EXPORTING RAW OR BENEFICIATED MINERALS PER THE MPRDA LEGISLATION?

The mineral beneficiation Act, the MPRDA is aimed at providing a strategic focus for South Africa’s minerals, industry in terms of developing mineral value chains and facilitating the expansion of beneficiation initiatives in the country, up to the last stages of the value chain. The provisions in the Act are also designed to ensure that downstream industries have a reliable

supply of input materials for conversion into higher value goods, resulting in increased job opportunities and export revenue gains. The conversion into higher value goods in the case of ASA Metals would be extracting ferrochrome and exporting it as steel which would profit the country. The question, is your mine exporting raw or beneficiated minerals, was asked to determine whether the mine had possibly started producing steel.

The mining respondent indicated as follows: *“The South African mining law is a very important one to grow the company’s economy and address the economic inequalities. The mine is complying by importing partially beneficiated chrome. It would be ideal to implement a manufacturing plant so that the full beneficiation of ferrochrome into steel would take place in South Africa, which would also promote jobs. However, it is difficult to engage in high end beneficiation when the mine was having operational challenges. Sino Steel as the majority share-holder in ASA Metals has invested huge dividends in expanding the mine so that it can eventually beneficiate at a higher value. The company when it was backed with foreign investment added 2 smelting furnaces of 66 MVA and a 600,000 ton per year pelletising and sintering plant. Bear in mind that before Sino-Steel came on board as a partner. ASA metals which was mainly known as Dikolong did not have any smelters, and had been supplying chromite ore to various local smelters for the production of charge chrome. This is proof of Sino-Steels attempts to grow the mine production which would have positive results on the local economy.*

However, how do you establish high end beneficiation like a steel manufacturing plant when the South African representative partner, or local government shareholder was busy battling with the national government in court? As I indicated earlier, LIMDEV the partner which was representing the community shares in Burgersfort, had no funds and decided to dispose 30% of its shares. Now, if national and provincial government are fighting what chance do we as outsiders in the matter? Instead we lost financial backing from China Exim Bank in the process.”

The statements above attest to the fact that the manufacturing sector such as a steel plants would be major contributors to a country’s ability to grow its economy, to innovate, to build intellectual capital and to industrialize. A steel plant designed to process ferrochrome from a mine such as ASA Metals would definitely place Burgersfort as a competitive and attractive local market. However, the manufacturing sector in South Africa has shown a substantial decline since 1994, meaning that the LED growth process and the MPRDA are not aligned with

the global economy. This lack of alignment is demonstrated in the findings by the mine respondent regarding the BEE quagmire that happened between LIMDEV and DMR. Upon further research on the internet it was established that the legal case between DMR and LIMDEV did transpire. The Supreme Court of Appeal ruled in favour of DMR. (Minister of Mineral Resources and Others v Mawetse (SA) Mining Corporation (Pty) Ltd, 2015)

6.7.1.7 IS YOUR MINE COMPLYING WITH THE MPRDA BY CREATING JOBS?

The question, is your mine complying with the MPRDA by creating jobs, was asked on the basis that South Africa's vision for economic growth through mining is promulgated in the MPRDA Act, 2002, as a measure to promote the beneficiation industry in South Africa, thus creating more jobs. The mine company respondent's feedback was two-pronged. At first he attributed the challenge of job creation to strikes. The second response attributed job creation challenges to lack of skills from the local community. In regards to the first challenge, the respondent indicated that ASA metals could not create more jobs as its level of production was affected due to work stoppages in the form of illegal strikes, community protests and section 54 (stoppage) notices under the mine health and safety act for its unsustainable position. The manager stated:

“The mine was forced into a restructuring process which was the result of continued work stoppages because of community unrest, (and) general militant union behavior by NUM, which resulted in an unprotected strike since October 29, 2015. Consequently, the mine was forced into retrenchments not only due to the continuous drop in ore quantity and the depleted chrome price, but due to the community unrest that occurred in the Driekop area.”

The statement above is supported by literature that indicates that the effects of frequent strikes on productivity and economic growth require major structural reforms to the labour market and its institutions. The literature review demonstrates that the 2012 Department of Labour's annual industrial action report workers lost R6.6 billion in wages as a result of strikes (Chapter 4: 99). Moreover, the growing prevalence of strikes in the mining industry, threaten to stifle job creation and economic growth (Chapter 4: 99). This finding demonstrates that complying with the MPRDA to create job creation will be based on meaningful engagement amongst all stakeholders.

In regards to the issue of recruiting local skills, the company stated that most of the locals did not have the necessary skills to work in the mine.

“Qualifications have led to outsiders being hired, instead of paying someone from the local community who will take 2 hours to do a job that will take 30 minutes? That promotes uncompetitive labour for the mining industry. When running a business, there are certain duties that require an immediate skilled personnel with experience or else production stops. Training a new person to start the work is not an option”.

The statement by the mine respondent is supported by the perused literature which indicates that a majority of the Burgersfort community according are illiterate as approximately 82% of the community aged 20 and above does not have higher education and remain unskilled (Chapter 5: 110). Consequently, inadequate vocational skills training and a poor quality education system have only worsened the skills deficit particularly in rural mining communities. This finding demonstrates that in order for the MPRDA to become effective, more efforts will have to be done to promote capacity building in rural local communities Chapter 4: 101). A more skilled local community would address the matter of hiring outside labour which contributed to the strikes in 2015.

6.7.1.8 IS YOUR MINE COMPLYING WITH THE MPRDA ACT BY CREATING HIGH END BENEFICIATION THROUGH INDUSTRIAL AND INFRASTRUCTURAL PROCESSES?

In the 2011 Beneficiation Strategy for Minerals Industry in South Africa, the Department of Mineral Resources, the document talks about invoking regulatory provisions to ensure sustainable and developmentally priced input mineral commodities for new and existing steel manufacturers in South Africa as a way of promoting mineral industrialization. The document also talks about the need to build upon existing infrastructure such as electricity, rails and roads. The objective of this question, is your mine complying with the MPRDA Act to create high end beneficiation, was designed to assess whether the mine had contributed towards the MPRDA in this aspect.

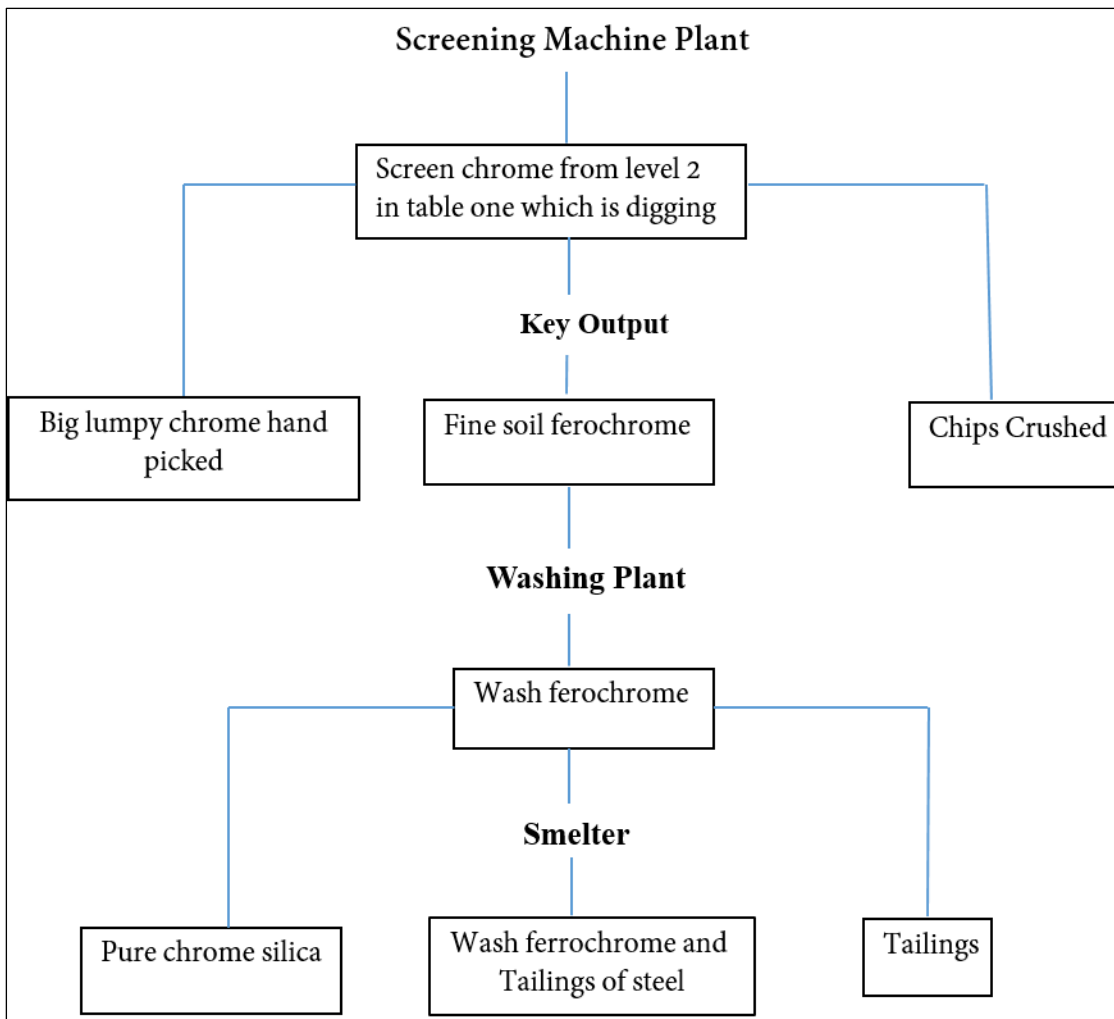
The mining respondent claimed that implementation of the MPRDA through industrialisation has been a priority and has been conducted by the company since the construction stage. The company stated:

The mining company built various kind of infrastructure to support the mining operation as well as facilities of the local community which included a tarred road for the community. But 2 key infrastructure projects began in 2006, there was a big plan to

devise mine into a major one of 1 million tonnes, and then built 2 big furnaces 100 million dollars invested of which Sinosteel invested 20 million dollars. The purpose of all this investment to try and develop the mine and increase value of goods. Along with the smelters, was the second infrastructure project the mine put together with the Maroga community under a trust. This second one established a metal recovery plant to beneficiate minerals by washing chrome, especially tailings after it had been separated into fine soil ferrochrome. The shareholding structure was that 40% belonged to the Maroga Community, and 60% to ASA Metals.

The workings of the Metal Recovery Plant were explained to the Researcher in Figure 11 below.

Table 13: Primary Level Beneficiation Plant



The process of mineral beneficiation in this regard would be at the primary stages, which are relevant to the washing plant in the diagram above. The primary stages typically include mining and primary concentration which is normally crushing and milling, followed by washing, gravity or magnetic separation and flotation. While this could be considered mineral beneficiation as it created some jobs, it was not designed to be sustainable as it has also been out of operation since the mine underwent business rescue. If it was sustainable, it would still be in operation by washing tailings from other mines in the region as is the case with other recovery plants. Moreover, the washing of the chrome in table 14, still kept the mineral partially beneficiated at a very low value. High end beneficiation takes part with the development of the finished product which in this case would be steel, instead of remaining at the primary stages of crushing, and

milling followed by washing. In essence, the value add from the washing plant was very limited as the output is not a high quality manufactured product like steel.

In regards to the tarred road that was highlighted as another form of infrastructure, the sketch in with the road written GaMaroga is the road that was set up by ASA Metals (Chapter 5: 109). The road runs off the Burgersfort –Polokwane main road towards ASA Metals and the tribal office, it is about 2 KM and unfinished. Concerning the view of the road, the fact is, most of the roads that run off the main highway on the sketch map, into the village are typically nondescript dirt roads full of big holes. Establishing roads has become a new method of community development by mining companies. Conventionally, mining companies have wanted their community development programs to be immediately measurable. Hence they have preferred to establish infrastructure programs such as building hospitals or schools. Perused literature emphasizes that roads have become a new corporate social responsibility tool which works based on impact application by the community (Supra 85). The findings based on the sketch map, indicate that the road mainly benefits ASA Metals, the Chiefs office, and Maroga Phalatseng. Therefore, the road has no direct impact on a majority of the villages surrounding the community as a few people utilize it. The road has not established its presence to the level where for example, no small businesses or informal traders that typically frequent tarred roadsides are sighted. Instead the road remains used by a very limited audience.

In regards to the findings as to whether the mine had implemented high level beneficiation despite its financial investments, the mine management has not been very successful in promoting mineral beneficiation as its initiatives on the mine through the smelters, the establishment of Metal Recovery Plant and the development of the tarred road did not promote high level beneficiation

6.7.1.9 DID THE GLOBAL CRISIS AFFECT SOUTH AFRICA'S MINING INDUSTRY AND YOUR MINING COMMUNITY?

This question, did the global crisis affect South Africa's mining industry, was designed to address the impact of globalization which contributed towards the 2008 global economic challenge. The official indicated that the ASA Metal situation is not an exception as the mining industry in South Africa is in a difficult situation. He highlighted how mining companies do not operate in isolation as they are eventually affected by global developments, with macro-economic growth and international markets strongly influencing both the demand for resources and profitability. The manager stressed that ASA Metal was not operating at global standards

because it should be producing the final product, steel. However, investing in that process remains a challenge as it would require huge capital to establish the plants and all the necessary requirements. Sino-Steel had already invested in the smelters and not made much profit due to the environment. He stated that it would be a challenge to make ASA Metals globally competitive under the current operating environment. The respondent confirms the discussion in chapter three regarding neoliberalism and the mid-2008 financial crisis which impacted South Africa's economy (Supra: 58). Mining companies are inevitably influenced by global developments, with macro-economic growth and international markets strongly influencing both the demand for resources and profitability.

6.7.1.10 DO YOU VIEW THE NEO-LIBERAL APPROACH AS A WORKING MODEL TO BENEFIT THE LOCAL PEOPLE?

This question was designed to determine whether the mine felt that South Africa's current business approach is working. According to the literature review, South Africa has adopted neoliberalism which in theory, is essentially about freer movement of goods, resources and enterprises in a bid to always find cheaper resources, to maximise profits and efficiency.

The mine respondent indicated that in its early democratic years, South Africa may have signed a lot of agreements that have influenced its current challenges in the global current market economy. In the case of ferrochrome and producing it into steel, neoliberalism would impact South Africa's ability to effectively compete in the global market?

Then also BEE does not necessarily link well with globalization or neoliberalism. While there is an urgent need to redress the past, it is also essential to make sure that the small enterprises created through this process were well skilled and able to meet global demands. The respondent was not sure that neoliberalism would benefit the local community unless the issue of global competitiveness was addressed.

The respondent's view complements the literature review that globalisation of the South African economy has brought about new challenges in the way in which the role of local government has been to develop local economies to uplift the local communities. The neoliberal premise of freer movement of goods, resources and enterprises to maximise profits without restrictions in country's such as South Africa means local governments must now become part and puzzle of the global community as economies are now regulated by global demand and supply forces. South Africa if it is to successfully make its mark, must increase its competitiveness, diversify

its economy, effectively grow small businesses through BEE and LED projects, and participate in effective global negotiations that shape the world trading system.

6.8. LOCAL ECONOMIC DEVELOPMENT MUNICIPAL OFFICER

The LED office is intended to maximise the economic potential of their municipality and to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development. LED provides support in the various areas which include providing direct and hands-on support to provincial and local government, and assisting on LED capacity building processes. The LED Officer was probed as to whether the MPRDA had a positive legislative impact on LED growth through questions that included the following: whether the mine was contributing to the surrounding communities, the extent at which the mine was benefitting the communities, whether the MPRDA is impacting local government and the country in meeting socio-economic needs of the people, whether the mine has promoted mineral beneficiation through a significant number of jobs, and infrastructure development, and challenges of aligning the mining industry with LED growth in mining communities.

6.8.1. Is the implementation of MPRDA effective from a local government perspective?

The assessment of the Mining Charter by DMR (2009), found that less than half of the companies participated in the design of Integrated Development Plans (IDP). Furthermore, according to the report, there was only minimal local economic development (Supra: 87). Consequently, rural communities affected by mining operations are still not receiving the potential benefits offered by the respective extractive industries. To probe the impact of the MPRDA on diversifying local economic growth, the respondent was asked if whether the mining legislation influenced effective local government.

The LED respondent stated that the mining industry is indisputably the municipality's leading job creator and key economic growth driver. He indicated how the municipality key objective was *“to encourage local ownership of strategic mining projects through facilitation of joint venture agreements and consortiums between locals and external investors.”* The respondent however established that it was challenging to implement the MPRDA from an LED perspective in a manner that would promote local growth because of the following 3 factors:

- 1. Poor coordination and monitoring of implementation of social labour plans as mines often implemented what they wanted without proper consultation to determine relevance to the community*
- 2. Ownership structure of local mining houses still in the monopolistic hands of foreign syndicates who despite the MPRDA still resist partnerships with local mining entrepreneurs. Partnership collaboration would have an immediate effect on local government*
- 3. For the MPRDA to work effectively, it will have to be localized and that can only happen through extensive communication and collaboration*

The statement by the respondent confirms the literature review for effective state intervention which will ensure that all the role players, the mine, the LED office, and community play their part. Literature perused establishes how South Africa restrained its intervention in the economy so as not to obstruct the free market in line with a neoliberal approach to economic policy (Chapter 3: 52). Consequently, due to limited state intervention, there has been poor implementation of MPRDA, which meant that mining related LED projects took a back seat which has had serious impacts on local economic development. Effective state intervention would address the poor coordination and monitoring of social labour plans which was also identified as a challenge in the 2009 DMR report. State intervention would also address resistance by the mining companies to collaborate with local mining entrepreneurs. The South African government has recently tried to implement new measures by enforcing the recently amended MPRDA Act of 2014 which would address mining monopolistic tendencies and lack of collaboration. However, issues of coordination and issues of intergovernmental relations at operational level will have to be addressed for the implementation of the MPRDA to become effective at a local government level.

6.8.2. To what extent does the mine benefit LED programs in the community?

The question was asked as to whether ASA Metals mine was benefitting LED programs in the community. The basis of the question was premised on Section 40 of the MPRDA which highlights the formulation of the Social Labour Plan (SLP) to address issues that mines have to adhere to in terms of local social and economic development in the communities in which they reside (Supra: 86). The SLP requires applicants for mining and production rights to develop and implement comprehensive Human Resources Development Programs (HRDP) including

employment equity plans, LED programs and processes to save jobs and manage downscaling and/or closure (Supra 86).

The respondent stated that the mine always presented power point demonstrations of project they were doing to promote LED. The respondent submitted various projects of which the company had claimed were ongoing on table 11 below which is a replica of table 10.

Table 14: LED projects by ASA Metals in Burgersfort

PRODUCT	FINANCIAL YEAR	BUDGET VALUE IN RANDS	STATUS
Mohtrans	2010/2013	R5.4 million	Ongoing
PPE	2013/2014	R4.6 million	Ongoing
Firozistar CC	2011/2016	R16,452,000.00	Ongoing
Metal Recovery Plant	2008 - ongoing	R31 million	Ongoing

When the Researcher followed up as to how effective the projects were, the LED respondent indicated that just when they decided to go and view to establish existence and impact of the ASA Metals projects, the mine went under business rescue. The respondent strongly emphasised a concern as to whether the mine had been telling the truth about its development in the community. The failure of the LED officer to determine project likelihood and feasibility for LED growth in the community, portray some of the challenges of local government identified in the literature review that despite legislation, MPRDA requirements are not co-coordinated efficiently at local government due to a skills shortage, inefficient administration and management.

6.8.3 Is it your opinion that the MPRDA is assisting local government and the country in meeting the socio-economic needs of its people?

Mines impact greatly on the communities in which they operate as they are often situated in remote areas with under-developed infrastructures, and offer the only source of employment and opportunity for participation in the formal economy in the area. Consequently, the Mining charter requires mining companies to declare the community projects that they will undertake and warns that these financial investments must be proportional to the size of the mining investment. To determine the impact of the MPRDA legislation on socio-economic

development at the Maroga community, the respondent was asked whether the law was facilitating developmental growth in the local government.

The official stated that the MPRDA is a very critical tool as South Africa has been a resource economy for too long. Various efforts have been implemented by Government to try and change the historical status quo. But more needed to be done as even though some transactions with Black Economic Empowerment (BEE) companies have been accomplished, the mining industry is still predominately under the control of white owned companies and dominated by males.

“More importantly, the MPRDA is still very critical due the current growth challenges. The MPRDA is supposed to help promote linkages between the community, municipality and mining industry to address these matters. But we still have challenges despite MPRDA as the mining companies are still applying practices that do not necessarily benefit the locals. In Burgersfort as in the rest of the country, the economy continues to suffer from low levels of employment, while poverty and income inequality continue. LED projects cannot grow in isolation and it is through partnerships guided by the MPRDA which will help grow the process. I am not sure it has worked to the level that it should. Transformation is still very limited. But the MPRDA is the best way forward. Hopefully the amended act will have more significance.”

The statement above confirms that compliance of the MPRDA legislative act was not sufficient due to the various socio-economic bottlenecks that still exist, and lack of coordination amongst stakeholders to fast track transformation. The statement also affirms the literature perused that for LED to function there should be a coherent planning process involving all stakeholders within the local area applied (Supra: 83). However, for the coherent planning process to work, LED officials will need to take more of a lead as a facilitator instead of a participant for LED.

6.8.4. What are the challenges in aligning the mining industry with LED growth in mining communities?

According to the Social Labour Plans (SLP) Guidelines prepared by the Department of Mineral Resources, the mining SLP must be aligned with the municipal IDP, which must accord with the Provincial Growth and Development Strategy (PGDS), National Spatial Development Strategy (NSDS), National Priorities and any other relevant policy documents (Supra: 86). To probe awareness of alignment, the respondent was asked whether there were challenges in aligning the mining industry with LED growth in mining communities.

The LED respondent indicated that there was not much communication between the municipality and DMR as they were not even aware when ASA Metals was on the verge of going on business rescue.

“We cannot just talk about alignment between mining and local government. Alignment also needs to happen between DMR and local government. While the legislation requires the LED office to support DMR legislation, this process will work better if there is some level of coordination like a task team where debriefing can ensue. For alignment to work with mining companies, it means that the mining sector should be identified as key to the developmental agenda of our municipality. The mine also needs to include local government more in their community projects so that synergies are created. That aspect is still a work in progress.”

The above findings indicate that there may be an alignment gap between local and national government. The issue of consultation between the national and local government was again flagged as a stumbling block in promoting alignment. The respondent basically confirmed that with better alignment, information on the mine going on business rescue would have been more forthcoming thereby placing the local government office at the same level with other relevant stakeholders. The finding supports that literature review that for the mining SLP to be aligned with the municipal IDP, and any other relevant policy documents as required by DMR requires some level of intergovernmental collaboration (Supra: 83).

6.8.5 Is the community benefitting from the presence of the mine?

The Charter draws on the imperative of redressing historical and social inequalities as stated in the MPRDA to expand opportunities for historically disadvantaged persons to enter the mining and minerals industry or benefit from the exploitation of the nation’s mineral resources. The respondent was asked to determine if there had been any mine benefits for the community. In addressing this question, the LED respondent indicated that the issue of ‘benefit’ was complex when it came to mining at rural communities. He stated that *one of the challenges was that, there were no LED based monitoring measures to ensure locals access high-value contracts, or subcontracts from mining houses via preferential procurement treatments or platforms. The*

BEE scorecards were also viewed as not being enough as the mining companies did not comply with them.

The statement above speaks to the challenge of business support for LED growth through mining business prospects. The current practice raises risks of high value contracts benefitting White individuals from spatially based communities that have been obtaining mining businesses for years which defeats the objectives of the MPRDA. As a performance measuring instrument the Scorecard was designed to facilitate the application of the Mining Charter. However, the 2009 DMR report is clear that most companies did not effectively implement it (Supra: 96). The minimal application of MPRDA monitoring and accountability as indicated by the LED respondent also resonates with the national government's decision to amend the MPRDA in order to maximise its developmental impacts as the legislative goals have not acquired developmental benefits (Supra: 96) such as job creation, through realisation of the linkages to the rest of the economy.

6.8.6 Has the mine created an acceptable number of jobs?

According to the DMR Mining Beneficiation Strategy Paper, it is impossible to overstate the importance of beneficiation to transformation, higher value-addition, and job creation. Essentially, the mining industry in South Africa is critical for employment growth as it provides job mining opportunities for both unskilled and skilled people. From a beneficiation perspective its impact would be far reaching especially in steel manufacturing as that would provide more opportunities for labor. Currently, we are exporting our raw chrome and manganese materials to countries that use them to grow their economies and to create jobs. At the same time they are creating skills in their countries, while our skills crisis remains unaddressed and only gets worse. The respondent was questioned on the subject of job creation to determine whether employment from the mining sector was significant

The LED respondent confirmed that the shortage of critical skills typically left the mine houses with no option but to recruit outside the local municipality when he stated:

“This critical skills factor not only disrupts the municipality’s home-grown job creation efforts and aspirations, but makes implementation of the MPRDA in order to promote job creation a challenge.”

The LED respondent further stated that addressing the skill-gap can only be realised when the municipality collaborates with local mining houses and local universities and FETs to train local youths in mining related courses. The respondent emphasised that:

“enhancing synergies with the University of Limpopo’s economic development department with the view of benefiting from vital human capital development linkages particularly in the field of economic research and development which would alleviate the current skills gap challenge we are facing.”

The statement by the respondent confirms that education is the main component for the MPRDA to take off. The literature review also demonstrates that for MPRDA to succeed as a beneficiation tool, it can only be accomplished through human resource development beginning at basic education (Chapter 2:47). Suffice to say, the human resource development factor at local government level lies at the heart of mineral beneficiation. Value-addition to minerals is only achievable by a well-trained and fully equipped labour force through enabling institutions and networks. In discussing Sachs economic stages it is clear that for industrialisation to effectively transform and mature it, will require an educated force (Chapter 2:47). There is little doubt that improving quality of education provision at all levels represents one of the greatest challenges to policy makers and implementers in South Africa which makes MPRDA application an uphill battle in terms of job creation.

6.8.7 Has the mine contributed towards infrastructure development?

It has been stated by government officials that South Africa needs to concentrate on strategic mineral inputs into the most important downstream *job creating* sectors, such as manufacturing, energy, infrastructure and agriculture. The strategic minerals *for manufacturing* include iron ore for steel. Strategic minerals for infrastructure also again include iron ore which produces steel (Supra: 42-43). Currently, lack of meaningful beneficiation projects of ore products such as ferrochrome pose as the main threat to the municipality’s quest to transform Burgersfort as the epicentre of industry and commerce in the province. The respondent was asked to establish whether infrastructure development had occurred through the mine through steel production.

The respondent confirmed that a thriving manufacturing sector play a catalyst role in accelerating the realisation of local-led economic development. However, The LED respondent maintained that it would also be difficult for the mine to contribute substantive infrastructure to

the community because the mining industry is currently struggling due to various global issues, let alone at the local level. The respondent also raised the issue of capacity to promote business attraction for manufacturing at a local level. *“It is not just about setting up a manufacturing plant. We will have to align capacity building at local level for the plant to be sustainable. We would also need to ensure that our local smmes become globally competitive at a local level or else they will not be able to effectively participate in such a competitive terrain. I say this because the sale of steel as a finished product will not just be targeted at a local level but at a global level through international buyers. Hopefully with the amended MPRDA document, issues of infrastructure and manufacturing will be better implemented so that LED projects can become more sustainable.”*

6.9. Limpopo Economic Development (LEDA) OFFICER

The primary task of the LEDA office is to drive policy implementation such as the MPRDA in order to accelerate and sustain the growth of the provincial economy and diversify the industrial base thereby improving inclusive economic development, creating productive and sustainable employment. The LEDA official was questioned as about the legislative impact of the MPRDA on economic growth through questions that included the following: is the implementation of the MPRDA effective from a local governance perspective, whether the mine was contributing to the surrounding communities, the extent at which the mine was benefitting the communities, whether the MPRDA is impacting local government and the country in meeting socio-economic needs of the people, whether the mine has promoted mineral beneficiation through a significant number of jobs, and infrastructure development, and challenges of aligning the mining industry with LED growth in mining communities.

6.9.1 Is the implementation of MPRDA effective from a local government perspective?

According to the DMR 2011 Beneficiation Strategy, South Africa lost a lot of income due to minimum mineral beneficiation which represents losses in export revenue and employment creation opportunities. The 2009 Mining Charter review also established that a small amount of companies engaged with the Integrated Development Plan (IDP) meaning that there has been limited impact on local development growth. Given that LEDA is mandated to drive economic growth through legislative implementation, the objective of this question was to

determine from the official whether MPRDA implementation had been successful in the mining communities surrounding ASA Metals.

The respondent affirmed positively about the implementation of the MPRDA at local government level. *“Yes, the MPRDA is effective as mining companies are required to empower and promote smmes’s which contributes towards self-sufficiency. Incubation or support of the local companies is key and can only be done through legislation such as the MPRDA. There has been growth in local community business due to this process. A decade ago, many people in this community did not even know how to register a company. However, due to this regulation and capacity training we have undertaken, we have more locals involved in small SMME’s. We may not have reached the entire population, but compared to our beginning’s progress has been made through MPRDA requirements that mines do business with the community.* This finding confirms that implementing this legislation is not an overnight process which will require some level of capacity building in the local community in order for them to meet the mining business requirements and standards. Furthermore, based on the respondent statement, the MPRDA to some degree has become a means to provide access by Blacks into the mining industry which was impossible during the Apartheid era.

6.9.2. To what extent is the mine benefitting LED programs in the community?

The MPRDA preamble emphasizes the need to promote local and rural development which is emphasised in Section 3 (1). This question on the extent that the mine is benefitting LED programs in the community was to determine whether the mine was adhering to social development programs as required by law. The respondent indicated that he could not respond to the question as he had not been very involved with ASA Metals compared with other mining companies where he had evidence of the output done by the mines. Some mining companies he argued are more user friendly than others in making themselves accessible to local government. He indicated that ASA Metal had not been accessible. This finding speaks to poor communication between the mines and stakeholders such as the LEDA office designed to facilitate LED growth through the MPRDA. It also demonstrates that compliance of social policies to promote transformation in rural communities are still applied in an adhoc fashion as argued in the 2009 Department of Mineral Resources report.

6.9.3 Is it your opinion that the MPRDA is assisting local government and the country in meeting the socio-economic needs of its people?

The reason behind the question on local and national government assistance was due to Section 3 (1) which states that mineral resources are for the benefit of all of South Africa. However, the 2016 Review of the Mining Charter maintains that limited efforts have been made by the mining industry to transfer mineral wealth through broad based empowerment measures, or address shortcomings such as housing, community development, and business procurements, resulting in minimal impact at national or local government level. The respondent indicated that the MPRDA is assisting local government as mining companies are required to comply with local development objectives such as integrated development planning of municipalities within which they operate. *The MPRDA is good for the country because without the MPRDA mining companies would be at liberty to make huge profits without giving back.* The problem he argued was compliance and cooperation amongst stakeholders. Effective cooperation the respondent said would assist the process of effective planning which is uneven among municipalities and the mining industry.

In response to the above statement that the MPRDA is assisting local governance, the body of literature reviewed indicates that economic capacities through legislative tools such as the MPRDA if established efficiently, are effective in providing communities with the means to identify new opportunities, create jobs, income, develop local infrastructure and enhance the revenue sources for the municipality and its people (Chapter 2: 41). The respondents comments regarding compliance and cooperation is evidenced by the DMR report which demonstrates the inability of mining companies to meet the initial compliance targets set out in the Broad-based Socio-economic Empowerment Charter for the South African mining industry in 2009. The lack of compliance with social and labour plans also received much attention in the report. In order to reverse the compliance issue, the respondent is stating compliance will require more state intervention for companies to agree on projects with local communities.

6.9.4 What are the challenges in aligning the mining industry with LED growth in mining communities?

The Integrated Development Plan (IDP) of the municipality is where the alignment is to take place. The question on alignment with the mining industry was to establish whether the mining Social and Labour Plan (SLP) was aligned with the municipal IDP in order to facilitate local

economic growth and development. In regards to alignment, the LEDA respondent argued that the mine will have to implement projects that train the community on mining industry specifications for LED projects. The respondent indicated:

“The mine has a social responsibility to train. Business support and rural entrepreneurship were not there till 1996. They should indicate their needs in advance and the training should be done holistically.”

The respondent indicated that the community has benefitted from some of the training programs implemented by his office. Community members had been trained on how to do procurements, financial management, marketing, etc. He demonstrated how basic company compliance measures or procurements used to be a problem for most Blacks. Now many Black companies were compliant in that process through training. The LEDA respondent also argued that mining companies were actually part of the problem in aligning the mining industry with LED growth, as accessing mining related tenders was a nightmare.

“The relationship with mines was not always there, and it was not that easy to knock on their doors without any trust developed. Consequently, exclusion of locals in local supply chain deals and transactions were creating unnecessary local hatred against mining operations.”

This observation by the respondent demonstrates the lingering impact of the apartheid era in the mining industry which led to the need for BEE implementation. The literature reviewed on the BEE Charter, section 22 is clear that enterprise development and local procurement are one of the key instruments to achieve both competitiveness and transformation of the mining industry (Supra: 87). The findings highlight prevailing challenges in corporate transparency, and need to train or capacitate locals on facilitating the BEE process.

6.9.5 Is the community benefitting from the presence of the mine?

The question on whether the community was benefitting from the presence of the mines was asked because one of the key objectives of LEDA are to promote economic diversification and industrialization, which resonates with mineral beneficiation as defined through the MPRDA. The question was asked on whether the community was benefitting from the mine because for economic diversification to take place, the mineral resources at ASA Metals have to be transformed to a higher value product for local consumption or international export. The transformation of the minerals would in turn grow the economy, create jobs, and promote smmes. The LEDA Official emphasized that although he did some projects between the mines

and the communities, collaboration with ASA Metals had proved challenging so he was not in a position to pronounce on the mine impact. He demonstrated a lot of training projects that he had undertaken for the community through other mines such as Glencore, the Canadian mine. The finding demonstrated a breakdown between LEDA and ASA Metals which had an impact on critical projects such as training and development of community members which points to some level of lack of compliance in meeting Social Labour Plans (SLP) as required by the MPRDA

6.9.6 Has the mine created an acceptable number of jobs?

The question on whether the mine created an acceptable number of jobs was asked because, one of the contributors of job creation is small business development. Section 2 of the Black Economic Act supports the mining charter objectives to promote transformation by facilitating meaningful participation of Black people in the economy by empowering local and rural communities through economic activities and skills development. The respondent claimed it was possible that they created an acceptable number of jobs under the current global climate. However, the issue of skilled labour is key in addressing job creation. He was not aware if the mine had engaged in any skills training.

He also said job creation requires all stakeholders to collaborate. The respondent also emphasized a need for collaborative seminars so that all stakeholders understand each other, and consult on opportunities and prospects available from all sides. He said that there was also inter-government coordination necessary where the various government stakeholders should sit and plan together on LED growth through the mining sector. *“There is no coordination, and the LED Office will for example do its own LED training with limited impact and outreach.”* In other words, there was a need to consolidate resources to accomplish the common good.

The statement by the LEDA official regarding inter-governmental connection correlates with what the LED official also stated about a need for governmental coordination. This is a factor that was also highlighted by the government at a national level, particularly in regards to DTI and DMR. Mineral resources governance in South Africa is seriously compromised by the lack of coordination and strategy alignment relevant departments such as the Departments of Mineral Resources and of Trade and Industry. The perused literature in chapter 4 indicates that in order to maximise the resource linkages with the rest of our economy we need much greater alignment in relevant government departments (Supra:83). The alignment with

government departments should also include Local governments. It is critical for Local Government is a key stakeholder in LED processes to influence LED in various ways such as job growth or training and accountability by the mining industry. However, local government cannot achieve this process in isolation and need requires strategic collaboration from national government.

6.9.7 Has the mine contributed towards infrastructure development?

The question on whether the mine has contributed towards infrastructure development was due to the 2011 Mineral Beneficiation Strategy which stipulate the need to promote infrastructure development which can be achieved through side-streaming. Side streaming is an extended form of mineral beneficiation that produces various levels of infrastructure such as roads and bridges. The question also speaks to LEDA's mandate which is to promote economic diversification and industrialization. The respondent stated that he was aware of the road the company had tarred as it was public knowledge. However, he was not aware of any of their beneficiation measures that promote industrialization because the mine never shared any information with his office. The Social Labour Plan requires the mine to consult with the relevant stake holders before implementing infrastructural development. This finding demonstrates that there mining industry may not be promoting infrastructure development that is aligned to the Social Labor Policies and Integrated Development Plan but implementing its own plans. The LEDA office would have been aware of the road in question and whether it added value to the community in terms of infrastructure. However, the findings also portray a disconnect between the stakeholders such as the mining community representatives and the government offices. The Community Liaison representatives clearly indicated that the road developed goes to the Chiefs house was agreed upon with the Chiefs knowledge. The possible agreement between the Chiefs office and the mining industry also speaks to the mining industry challenge in his interview that there are many requests for the industry to perform various services by different stakeholders.

6.10 COMMUNITY LIAISON

The community liaisons were obtained through the Chiefs office as individuals who consult with the mine on behalf of the surrounding communities. Community liaisons serve as a very important link between residents of a Burgersfort to the mine which provides particular social benefits. In essence, the work of the community liaison centers on informing the constituents

they serve about various mining issues that affect them as well as getting their input on these. The Community liaisons are also selected from various parts of the community and could consist of union members, businesses and civil societies.

The community liaisons were also asked about the legislative impact of the MPRDA on economic growth through questions that included the following: is the implementation of the MPRDA effective from a local governance perspective, whether the mine was contributing to the surrounding communities, the extent at which the mine was benefitting the communities, whether the MPRDA is impacting local government and the country in meeting socio-economic needs of the people, whether the mine has promoted mineral beneficiation through a significant number of jobs, and infrastructure development, and challenges of aligning the mining industry with LED growth in mining communities.

6.10.1 Is the implementation of MPRDA effective from a local government perspective?

Given that the community respondents were representing members of the villages surrounding the mines it was critical to get their impression on the impact of the MPRDA at a local government level. This question was also asked due to the 2016 Mining Charter review report which argued that the mines had made minimal impact on the community. The interviewees questioned effective implementation of the MPRDA legislation due to a legal battle that took place over BEE shares between DMR and Limdev.

“The mine was reckless in meeting BEE requirements. That is why they lost the Constitutional court ruling. Reckless. But there is also a problem about this BEE fulfillment matter. Not that one is questioning the court but if 40% represented the Black people in Limpopo why did Limdev try to sell 30% of its 40% stake in order to enable ASA Metals to be BEE compliant. Afterall, Limdev wanted 26% of the 40% to go to BEE which DMR refused. The 40% was viewed by DMR as a state asset. Was this also not actually a Provincial asset as the agreement was between Sino-Steel and LIMDEV? While we understand the courts decision on BEE compliance, we think this compliance matter makes the MPRDA process complex. But we still think the mine was reckless as the ruling barred from implementing rights to prospect chrome ore at Driekop farm. The courts would not have just done that.” It was good that the MPRDA was under review these past years because maybe some of the BEE complexities which affected Limdev could possibly be addressed.

The response from the question by the community members demonstrates the complexities of implementing the MPRDA. The case between Limdev and DMR is a reflection of the need for more linkages necessary between inter government departments on policy making. The fact is, LimDev's mandate was to provide development finance to Small, Micro and Medium Enterprises (SMME's) to stimulate the growth and development of the Limpopo economy which in turn promotes LED. While Limdev could have been wrong in its application of BEE compliance as the DMR won the case, it is not clear who has benefitted from the outcome of this process.

6.10.2 To what extent is the mine benefitting LED programs in the community?

This question was presented to the community liaisons given the MPRDA Act which requires that mines meet local development objectives, the integrated development planning of the municipalities where they are based, and spatial geography. There was vehement denial by the community members about of the projects submitted to the LED office by the mine. The respondents maintained that the mine had made lots of empty promises riddled with unfulfilled implementation. They also elaborated on the various projects they wanted done by the new mining company which would take over from ASA Metal.

They made it clear that they expected the mine to resolve a wide range of social problems, develop infrastructure, and promote job creation. The observations by the respondents speak to the Mining Charter, and objective of SLPs which are to promote economic growth and employment, and advance social welfare by ensuring that mining companies contribute towards socio-economic development in areas in which they are operating (Supra:86). Mining companies, as is to be expected, look to maximise profit while retaining a social licence to operate. The fluid and increasing government and community expectations mean that mining companies are not always willing or able to deliver social projects to the levels needed (Chapter 4). Basically, Companies should try and understand the communities' needs. There needs to be a balance created to strike an equitable balance of interests, ensuring that mining is productive and profitable, as well as being productive and sustainable to affected local communities alike.

6.10.3 Is it your opinion that the MPRDA is assisting local government and the country in meeting the socio-economic needs of its people?

The Mining Charter requires mining companies to declare their community projects which must be proportional to the mining investment. Given the table of ASA Metal community projects established through the LED office, and the Metal Recovery Plant established by the mining management it was essential to know whether the MPRDA was assisting local government and meeting the country's needs. The respondents argued that the MPRDA while a necessary legislation was not meeting the country's needs due to implementation. *"We have a lot of wonderful laws in this country. The MPRDA is a wonderful piece of legislation drawn from the Freedom Charter. The challenge is implementation. If the law was fully applied the country's economy would not be undergoing the slow growth it is now at. The issue is not the legislation but the implementation. The LED office seems to be doing its own thing, along with the rest of them. DMR is doing a good job in overseeing safety measures. But somewhere along the way, the basis of the MPRDA which is to grow the economy has been side-tracked. The mines are also taking advantage of the legislative oversight gap which is why we find ourselves in the current status quo. As the community at times we have no choice but to protest in order for the legislation to work which should not be the case. The MPRDA can only do its job of promoting socio-economic development if our country begins to fully implement the laws of the land."*

6.10.4 What are the challenges in aligning the mining industry with LED growth in mining communities?

This question was asked to ascertain whether the community members perceived some level of alignment with them from the mining industry. Particularly since the Mining Charter states that meaningful consultations and coordination between the mining industry and local communities is essential for promoting community development. The respondents indicated that there was a need for alignment between national and local government to avoid legal battles that impact LED growth. They again cited the DMR - LIMDEV case as an example to challenges of LED alignment. The respondents also questioned whether the mining companies consult with the local government regarding their economic growth plans before they embark on SLP process they have selected or whether the mines just give them briefs or power points on what they are going to do in the communities. In regards to the views by the respondents questioning whether the mining companies consult with government, Section 102 of the

MPRDA also provides for an amendment of a mining project through the influence of stakeholder engagement. It states that the mining companies must ensure that they cooperate in the formulation of IDPs and must also work together with the district and local municipalities in the implementation of SLPs in areas where they source most of their labour (Chapter 4: 86). Based on the DMR review report, on Mining Charter impact assessment, 63% of mining companies consulted with communities when drafting their SLPs and 49% participated in the IDP formulation while 37% showed proof of expenditure in accordance with approved SLPs (Chapter 4:96). The literature review demonstrates that there is some progress made at aligning the community social labour plan at LED level.

6.10.5. Is the community benefitting from the presence of the mine?

This question was asked because the MPRDA promulgates economic transformation through community programs that would benefit the community. Community development programs in rural communities are usually established to promote self-reliance which could be done by establishing smmes, create jobs or alleviate poverty. The respondents indicated that in the last few years despite all the investment in smelters and other mining infrastructure, ASA Metals had not been doing much mining so the community had not benefitted much from its presence. Instead, they were doing care and maintenance and renting out the smelters to other mining companies that wanted to wash their ferrochrome. They also argued that the mine was reckless, there was mismanagement, maladministration, financial backlog, case in point, the mine owed ESKOM millions and was threatened with having lights cut off. The business rescue plan they believed was an escape option for the mine.

The response from the community respondents is contradictory from the respondents feedback on the questionnaire "Are the local communities benefitting from the local mine?" 215 respondents agreed that the community benefitted from the mine, while 185 respondents did not agree. It is possible that the community respondents do not view the SLP projects on table 11, and the LED projects on table 12 to promote sufficient benefits. The findings also demonstrate a need to promote consultation between the mining industry and the relevant stakeholders.

6.10.6 Has the mine created an acceptable number of jobs?

The relevance of this question is related to one of the key objectives of mineral beneficiation which is job creation. Down streaming beneficiation which consists of mineral extraction and processing is one way of job creation through the mines. The other manner is through the side stream process which could be the infrastructure development such as railways and airports. The infrastructure development process also create jobs. The respondents argued that the mine had created an untenable situation in regards to job creation which contributed towards the underground sit-in and a community protest that took place in 2015. According to the respondents, there were 2 unions at the mine while was still under operation. Dikolong, they said, where the ferrochrome mining shafts were with miners, was dominated by the National Union of Mine Workers (NUM). Membership for NUMSA was predominantly found at the smelters as it was populated by metal workers.

“In 2015, about 450 miners at ASA Metals mine staged an underground sit-in after demanding the resignation of two senior mine managers the Human Resource and Employee Relations manager. The aforementioned managers had suspended the NUM chairperson, and deputy secretary who represented the miners. NUM on the other hand, accused the managers of dismissing workers and targeting members and the leadership of NUM. Due to the suspension the union leaders indicated that its members would only leave the underground pit if mine top management addressed their concerns. The union demand was supported by more than 150 family and community members who also joined striking workers at the mine near Burgersfort.

Along with the insistence that the HR management should be fired, the other reasons cited by the union and community regarding the strike and protests were due to job security for the community. The lack of job security according to the respondents was due to the practices by the mine to hire individuals from surrounding communities or provinces. They cited the hiring of a non-local community member as a manager. Their problem was not only due to the perceived “outsider” taking a senior post, but the possibility of the “outsider manager” for example, recruiting 50 others from Nelspruit or Witbank, etc, thereby limiting work opportunities for people GaMaroga community members. When asked whether the protest had worked in their favour as now the mine was currently non-operational partly due to the strikes, thereby eliminating jobs, they indicated that they had not expected the mine to go under business rescue. As a community they had expected the mine to keep functioning. This outcome of this question

portrays the need to address strikes and protests. The expectations by the community regarding the mines also needs to be addressed. Finally the response by the community members demonstrates that some protests and strikes can be avoided through better communication between the government, mine, and the people.

The statement and observations by the union member and community representative is addressed in the literature review in regards to strikes, and recruitment of outside labour. The findings illustrate how mines continue to face severe frontline and professional skills shortages that affect critical day-to-day operations. Despite the growth of training programmes, there is still a lack of experienced skills in frontline positions, such as artisans and supervisors, as experienced personnel retire or leave the company (Chapter 4:101). The strikes also serve as a powerful reminder that despite the legal transformation being implemented through MPRDA, there are significant socioeconomic challenges that remain largely unchanged. As such, genuine transformation of wider society is required above and beyond the relatively narrow boundaries of existing Black Economic Empowerment legislation

6.10.7 Has the mine contributed towards infrastructure development?

This question was asked to determine from a community perspective whether the villages felt that there had been some infrastructure improvements in the community since the mine had been established. This question was also asked because the mining manager emphasized that the Metal Recovery Plant that had been created by the mine with the Maroga Trust to promote beneficiation, and due to the road that had been developed by the mine. The respondents indicated that large scale infrastructure is currently not the prerogative of the mining sector. *‘Despite MPRDA, the global nature of the mining industry has not provided a platform for the mines to promote infrastructure development.’* The aforementioned statement and views speak to literature perused indicating that the challenge is for South Africa in cooperation with private industry to help conceptualize the potential of each industrial stage of entry into the global economy, and to develop a strategy to generate a dynamic that leads to a new stage of development. According to the modernisation theory, many countries become stuck producing only primary commodities such as ferrochrome, without successfully industrializing by producing high end products such as steel. It is therefore essential for South Africa to ensure that it does not remain stuck or digress from its current economic status which would lead to a decline in infrastructure development or industrialization.

The respondents also stated that if infrastructure was a prerogative, Burgersfort should be advanced by the virtue of having at least 22 mining houses which were based in location. However, despite being a global hub for mining companies, they asserted that

“We are not close to mastering markets, or globalisation and all other international pressures such as business competitiveness or attraction. Until we do, the MPRDA will always run into competitive roadblocks and infrastructure will remain a challenge. We the locals have not been equipped to enter that business attraction market which is something which remains in the domain of the Whites in the mining industry. We can only grow once we know how to strategically implement the MPRDA both locally and globally.”

The findings establish that the lack of business attraction at local government level speaks to the SMME challenge discussed extensively in the literature review. Local communities are part of the global community. A 2013 World Bank LED investigation suggested many challenges for business attraction and LED in South Africa were due to issues such as labour regulations, corruption in government, skills shortages (Chapter 4: 88). For LED mining projects to master the global economy, they will first need to examine how to promote attractiveness at local government level which includes the effective implementation of sustainable SMME's. Sustainable SMME's would facilitate effective LED projects which in turn would promote business attraction, promote job creation, and diversification which is the cornerstone of the MPRDA (Chapter 4: 89).

The respondents also argued that the road that had been established was not a positive sign of infrastructure development. *“The mine needs to do more. They built that road branching from the main highway that passes the Chiefs house. But it is only 2 Km which makes it limited in terms of impact. They did not even finish the road as was discussed and agreed. That Metal Recovery Plant they created was also a good initiative which needed to be expanded into a larger process that would create more jobs. Besides it was not beneficiating much as in other countries where they have steel plants. We would be happy just to have a steel plant to create basic things like spoons and pots for the country.”*

This finding regarding the road development speaks to the issue of integrated development planning. If the road establishment was implemented without the involvement of the LED office

as it does not feature on the LED list of community projects by ASA Metals, it portrays a communication deficit also between the community and the local government on their plans.

6.11 DEPARTMENT OF MINERAL RESOURCES

The Department of Mineral Resources is a government department responsible for overseeing the mining industry of South Africa and the exploitation of the country's mineral resources. DMR authored the MPRDA Act 48 of 2002 in order to enhance the quantity and quality of exports, promote creation of decent employment and diversification of the economy in order to benefit the historically disadvantaged. As a form of legislative oversight, the department has provincial offices where most of the mines are based. The DMR official interviewed was based in the head office at Pretoria. He was asked questions about the legislative impact of the MPRDA on economic growth through questions that included the following: is the implementation of the MPRDA effective from a local governance perspective, whether the mine was contributing to the surrounding communities, the extent at which the mine was benefitting the communities, whether the MPRDA is impacting local government and the country in meeting socio-economic needs of the people, whether the mine has promoted mineral beneficiation through a significant number of jobs, and infrastructure development, and challenges of aligning the mining industry with LED growth in mining communities.

6.11.1 Is the implementation of MPRDA effective from a departmental perspective?

This question on the effectiveness of the MPRDA raised with the DMR to determine whether ferrochrome which is mined at ASA Metals was being manufactured into steel which would increase revenue and jobs through beneficiation. The literature perused demonstrates that South Africa has already lost sales in gross revenue and employment creation opportunities because of lack of beneficiation (Chapter 2: 36). Beneficiating the minerals to finished consumer goods not only increases the revenue gained from the exploitation of the mineral resource, but also significantly increases labour absorptive capacity of the industry.

The respondent indicated that South Africa still partially beneficiates its ferrochrome and sends it off to China where it is produced into steel. The DMR official also indicated that steel making

has become competitive, along with challenges posed by the global economy making it problematic for South Africa to produce its own steel at a competitive rate.

The DMR official further stressed the following

“South Africa definitely needs an industry where they can beneficiate ferrochrome and export items like steel outside. South Africa will need to leverage seriously with China as the country needs access to cost competition of raw materials. The beneficiation strategy in 2011 charged steel at import parity price of R1,000 a tonne. When you break it down it was almost like one is importing the steel from China. We also face limited access to raw material for local beneficiation due to the nature of the mining industry, which remains geared towards export orientation of raw material.

Moreover, given that commodities have collapsed, there is a need to create beneficiation or push MPRDA at a competitive local and global level. An example of competitiveness is infrastructure. Infrastructure is part of the struggle. Electricity increased at 300%. Electricity used to be a competitive draw card. We also cannot ignore the 2008 global economic recession, which has had very serious negative consequences for MPRDA implementation.”

The broad statement confirms perused literature that South Africa still exports its minerals raw, and globalisation has slowed down mining growth. The perused literature portrays that the country still faces limited access to raw material for local beneficiation due to the nature of the mining industry means that South Africa has become totally dependent on privatisation and the global community for the export of its commodities (Chapter 3: 67). In essence, despite legislative processes, the mining industry has not yet transformed the colonial features of our economy with its dependency on export orientation, and not managed to advance its state of manufacturing thereby missing out on the full economic value of job creation and industrialization. Finally, in the last statement, the respondent confirms that globalisation continues to dictate our mining economy as evidenced with the 2008 global economic downturn (Supra: 52), demonstrating that our economy is still reliant on importing finished goods, or production by multinational corporations.

6.11.2 What is the extent of compliance by SA mining in implementing the mandate of MPRDA?

This question was asked because the DMR is the sole custodian on the MPRDA Act 48 of 2002, and is mandated to provide legislative oversight. The MPRDA preamble also outlines the State's role which in the mining industry confirming the DMR's obligation to ensure that the mining industry successfully transforms the economy, and fast-tracks industrial growth (Supra: 40). Furthermore, the DMR has also emphasized the need for compliance by the mines in order to ensure that South Africa maximises its mineral resource benefits through mineral beneficiation which would ascertain that minerals mined are integrated and fully processed in the national economy being exported which would minimise the current sales of semi-raw minerals internationally (Supra: 42). The DMR Official stated that this was not his department and he could not answer that question. This departmental response demonstrates the limited amount of information that is communicated not just to external stakeholders such as the mining industry but also from an inter-government perspective. The fact is, the MPRDA legislative act 48 of 2002 with its various policies such as the Black Empowerment Act and the Social Labour Policies cuts across the entire DMR and other departments such as Trade and Industry. There is no DMR official who cannot be aware of the level of MPRDA implementation irrespective of their mandate at the department. This finding portrays that the level of legislative compliance of the mining industry actually has to be addressed internally in by the DMR for it to be effective externally.

6.11.3 Are the punitive measures being taken by DMR regarding mines that are not complying?

This question was asked to determine the level of legislative implementation to ensure that mines were complying. As highlighted in chapter 4, the Scorecard for the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry was also designed to facilitate the application of the Mining Charter (Supra: 95). The DMR official indicated that he could not respond to this question as it was not his domain. About the challenges surrounding compliance such as the ASA Metals court case, and the issue of focus on issuing stoppages, he stated that I would need to talk to the DMR legislative oversight team in Polokwane. Efforts were made to call this office in Polokwane with no avail which contributes towards limited legislative oversight, and lack of alignment. If DMR officials are not accessible, to the general public and relevant stakeholders such as the mining industry, compliance would remain a

challenge. This lack of accessibility could also contribute towards a limited flow of information and collaboration between the DMR and LED offices.

6.11.4 To what extent are mining companies complying to the prescripts of the MPRDA?

This question was asked to ascertain whether there were legislative oversight challenges particularly since the 2009 Mining Charter Review argues that the mining industry has not complied in deepening their commitments to local development as required by the MPRDA. Moreover, there had also been legislative concerns raised by the mining management and the community liaisons. The DMR respondent also concurred that mining management case need to be fully assessed if it had halted economic development, and if the view was that most mining oversights were focused on safety issues and not the MPRDA at its entirety it would need to be addressed. That said, the DMR respondent emphasized that this kind of question did not fall under their domain which establishes a challenge by the department in ensuring that its official are involved on what is happening on the ground. The DMR Official's response was also problematic as the 2009 DMR report in chapter 4 clearly reports that a majority of the mines are not aligned with the prescripts of the MPRDA (Supra: 96). This finding on the mine concern regarding the mining oversights is significant as it begs the question as to whether the head office is fully aware with operations on the ground, and their impact.

6.11.5 Is it your opinion that the MPRDA assists the South African government in meeting the needs of its people?

This question was asked because the sole objective of the MPRDA according to DMR is to grow the economy and meet the social needs of the country's citizens. This question was also raised because without mineral beneficiation the country will continue to lose a lot of income due to minimum beneficiation. The only way for South Africa to grow its economy is to industrialize and skill its labour which would enhance productivity and export growth. The respondent asserted that due to global challenges, it was difficult for the MPRDA to fulfil its objectives. The respondent also argued that South Africa would have to devise strategies for mineral beneficiation to work at the local level, despite international legislative policies such as the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) which make it a challenge to transact the commodities globally.

The global market has also become very regulatory and stringent which impacts on the MPRDA. REACH is an example of a European Union regulation which deals with production and use of chemical substances. It is the strictest law to date regulating chemical substances which impacts on mining industries from countries such as South Africa. The impact stems from the direct costs of complying with REACH. Business competitiveness is essential for us to make the MPRDA locally and globally smart.

The statement confirms that In order for LED to work, the community must become business competitive. Instead, there remains a disconnection between the BEE process, poor skills and labour persist, and minimal coordination between all the key stakeholders. With the advent of globalisation in the latter part of the 20th century a country's competitiveness to attract investment, together with its ability to produce goods and services at globally competitive levels, has become critical for legislations such as the MPRDA to succeed.

6.12 CONCLUSION

In this chapter an analysis of the research findings was presented. A sample was drawn from four hundred (400) community members who reside next to ASA Metals mine. The aim of the quantitative data was to determine attitudes and perceptions towards LED growth through the mines compliance of the MPRDA. Compliance of the MPRDA was also established through the level of legislative policies being implemented such as the Social Labour Plan (SLP) and Black Economic Empowerment measures (BEE). Data was also collected through semi-structured interviews from 11 people who have a role to play in the oversight or implementation of the MPRDA and LED growth. The majority of respondents that were interviewed were administratively involved in, or running the organizations they were with. The interviews were designed to assess the level of legislative oversight of the MPRDA, and impact of mineral beneficiation in promoting areas such as job growth, manufacturing, and industrialization.

The aim of the chapter was to assess the perceptions of the local communities regarding the mine's implementation of the MPRDA and LED growth; Examine whether the surrounding local communities benefitting from the mine due to LED related projects; Assess the challenges and attitudes of mine management, towards implementation of the MPRDA Act of 2002; Determine whether the Department of Mineral Resources is effectively pursuing compliance of the MPRDA including its policies such as the Social Labour Plan (SLP) and the Broad Based Black Economic Empowerment Charter (BBBEE); Examine whether the MPRDA legislation is impacting LED

growth in the mining communities? And assess legislative implementation of the MPRDA by the Department of Mineral Resources promoting local economic development.

The chapter that follows will draw conclusions from the research findings together with literature review outlined in chapters two, three, and four, and make recommendation

CHAPTER 7

SUMMARY, RECOMMENDATIONS AND CONCLUSION

7.1 INTRODUCTION

The chapter draws conclusions based on the research findings and literature review on mineral beneficiation and industrialisation by rural communities in Limpopo Province. Mineral beneficiation remains a problematic area in South African communities residing closer to mining businesses. Recommendations in this chapter are based on the empirical findings and literature review to be presented. This chapter provides a discussion combined with the summary of the study, recommendations based on the findings, and the conclusion.

7.2. SUMMARY OF RESEARCH

The research was designed to examine the impact of the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) as a way of creating jobs, and industrialization through LED in rural mining communities. The MPRDA was assessed by determining application of policies such as the Broad Based Socio-Economic Empowerment Charter, (the Mining Charter), the Black Economic Empowerment Act (BEE), and the Department of Minerals beneficiation Strategy for the Mineral Industry of South Africa in promoting LED. These policies were examined against the backdrop of rural typologies of most rural mining communities which contribute towards the ability for industrialization to succeed. Other challenges were also assessed such as globalisation in influencing strong LED growth through MPRDA implementation. The bulk of the study was undertaken in the Limpopo Province and included participants from Burgersfort, and four villages to take part in the study, namely, Moihok, Legabeng, Maroga Phalatseng, and Makgameng. In achieving the objectives of the study, the research outlined the chapters as follows:

Chapter 1: The chapter gave a background about the aim of the study which was to examine whether the Mineral Petroleum Resources Development Act 48 of 2002 (MPRDA) had been effective in promoting Local Economic Development (LED) in rural mining communities. The objective of the study was to examine the extent of the manifestations of neo-liberalism in informing the strategies of mineral beneficiation in South Africa; determine the opinions of mine

management, regarding the mineral beneficiation of local communities, regarding compliance of the MPRDA and its effects on local economic development; Assess the role of the Department of Mineral Resources officials in ensuing legislative implementation of mines to promote local economic development; determine local community benefits due to activities of specific mine (s) in their areas. The study sought to give answers such as how tenable the LED approach has been in addressing mineral beneficiation as a poverty reduction method? How the modernization theory may be more relevant for South Africa as an economic strategy, the impact of neoliberalism in facilitating economic growth in rural mining communities, and determine the mining industry contribution and compliance of the MPRDA.

The MPRDA Act according to the perused body of literature was to ensure that the mining industry transforms the historically disadvantaged, that mineral beneficiation would promote industrial growth and sustainable development, and that the minerals are processed before they are exported. The MPRDA through its various legislative prescripts was to facilitate the growth of local economic development through effective participation of Black people in the mining economy by empowering rural and local communities through processes such as manufacturing, procurement, and enterprise development. Despite the fact that mining is South Africa's largest industry sector with a massive natural resource wealth, instead most rural mining communities remain marginalised with limited infrastructure and industrial growth.

The perused body of literature demonstrates that the MPRDA has not been successfully implemented due to lack of strong legislative oversight, globalisation forces, in particular application of the neoliberal theory, challenges of rural typologies such as lack of municipal capacity, minimal business attraction, and lack of skills. The Sach's economic stages are critical in facilitating the MPRDA as they foster economic self-reliance for the development of all sectors to bring about modernisation. Moreover, the economic stages entail a transformative and systemic process that can be legislatively integrated within municipalities for application and implementation of mineral industrialisation for LED growth.

Chapter 2: This chapter provided a review of the the modernisation theory as a basic and driving power of economic growth. The modernisation theory states that development can be attained through following the processes of development that are used by currently developed nations. It looks at the state to be the central actor in bringing about modernisation through regulated development as the foundation of economic growth. The modernisation theory

became popular after the Second World War through Walt Rostow's five stage model of development which includes traditional society, the pre-conditions for take-off, the take-off, the drive to maturity, and the age of high mass-consumption. The five stages basically promote economic transformation from traditional to industrial societies.

Due to Walt Rostow's model, the modernisation theory became very controversial during the 1960's. Most of the criticism was premised on Rostow's unilinear growth model, and its perceived inability to be implemented in developing countries due to various factors such as conflict, and fragile statehood. Neoliberalism replaced the modernisation concept and became the new international economic model in the late 20th century. Whereas modernisation considered the state as the vehicle for realising modernity, and development was equated with the penetration of the state into the social order, neo-liberals suggested that free markets without state interference led to modernity. Upon gaining democracy in 1994, South Africa's entered the global scene when neoliberalism was the dominant economic force and would adopt this economic model thereby becoming market regime focused.

However, neoliberalism has not been conducive for South Africa's transformation objectives through the MPRDA. The MPRDA is designed to promote South Africa's industrial strategy through mineral beneficiation. South Africa is at the stage of industrial stage and struggling to take off, and attain full scale industrialization which would elevate it to the final stage of economic growth which is the service economy. A fully industrialized South Africa would produce an economy which does not rely on raw materials or other supply conditions to survive. An industrialised economy would also ensure a thriving LED process in rural mining communities replete with job creation and thriving manufacturing and enterprise projects. Instead South Africa is battling with the 2008 global downturn brought by neoliberalism, and constant global market forces that significantly influence implementation of domestic policies such as the MPRDA.

South Africa will be better placed to apply the modernisation theory given its principles of strategic state intervention. Unlike neoliberalism which expects the economy to police itself without state intervention, modernization theory would be more pragmatic for the MPRDA to succeed in down-streaming and side streaming South Africa's minerals due its state regulatory intervention processes which are the crux to the concept. Moreover, in order for the industrial take off to materialize in South Africa, the Sachs economic development stages which are

inclusive of enterprise development, investment and savings growth, and strong educational growth are more practical. Conceptually, Sach's economic stages can be re-configured to suit South Africa.

Chapter 3: The chapter demonstrates how neoliberalism has influenced South Africa's state's sovereignty, thereby contributing to the decline in the power of the national government to direct and influence its own economy, including mining resources. Neoliberalism subscribes to the theory of the decline in sovereignty of the nation state, and an unregulated market which would grow the global economy. The main features of neoliberal strategy in South Africa include focus on budget reform to strengthen the redistributive thrust of expenditure, a faster fiscal deficit reduction programme, and a reduction in tariffs to contain input prices and facilitate industrial restructuring. Privatization is another aspect of neoliberalism as it is viewed as a tool of greater efficiency.

All the national plans South Africa tried to implement that had a strong state intervention approach or went against the ideals of neo-liberalism were never been successfully implemented. The Reconstruction and Development Programme (RDP) was alleged to contain Keynesian macroeconomic measures, which stipulated that the state ought to take the lead in delivering services, housing and infrastructure to the majority of the poor, mostly black popular classes which proved unpopular for the neoliberal elite. The Accelerated and Shared Growth Initiative for South Africa (ASGISA) policy in 2006 was to revamp and modernise the country's transport, communications and infrastructure while also dealing with human resource capacity to implement policies at the national and local level. ASGISA strived to reduce poverty by 2010 and halve unemployment by 2014. However, this process required strong state intervention which fell short to the task leading to the failure of ASGISA. Soon afterwards, the New Growth Path (NGP) was introduced in 2010 with objectives of economic growth, 5 million jobs by the year 2020 and a focus on areas such as infrastructure, social capital and public services, as well as spatial development. The NGP quickly fizzled out due to its strong emphasis on the role of the state which was not supported by the country's leadership. Neoliberalism had an impact on the programs which emphasized social and economic development, forcing South Africa to focus on developing international ties both economically and politically.

A strong neoliberal national plan, the Growth, Employment and Redistribution (GEAR) strategy was introduced in 1996. However, GEAR failed for varied reasons that include policy measures

that were unable to promote private sector investment, deflationary fiscal policy, and strong opposition from the labour unions.

Finally, from an MPRDA perspective, the neoliberal theory is identified as one of the main causes of the mining paralysis in South Africa's local communities. The chapter argues that the MPRDA was never well accepted by most international mining houses, making it problematic in promoting industrial development in mining communities. Moreover, the deepening of the South African economy's immersion into global financial, and production and trade structures developed in a country with one of the highest unemployment rates in the world. Informal' employment under neoliberalism labelled labour flexibility, skyrocketed as they allowed employers to avoid labour restrictions. The MPRDA was also impacted by neoliberalism as South Africa became depended on the export of raw minerals thereby providing high end jobs to the to the global community at the expense of its people. Due to its dependency on commodity exports, South Africa was also badly affected by the 2008 global downturn which came about due to neoliberalism. The only way the MPRDA can grow LED in mining communities is if South Africa takes control of the economy and strategically intervenes in the implementation of its home grown policies.

Chapter 4: According to chapter 4, the mandate of local economic development (LED) is derived from the constitution of the Republic of South Africa 1996 which obliges municipalities to promote the economic development of communities. LED is defined as an approach directed towards the promotion of economic development. It is an approach that takes local development a step further. LED is the total of all economic activities by all relevant stakeholders within a specific defined geographical region, working together in partnership to create economic development and ultimately improvement of quality of life for all residents in the area. LED ensures that local development is locality based and focused on local comparative advantages, it allows for more resilient local economies and LED could create local opportunities and local jobs, thereby improving the local quality of life

The chapter outlined the LED strategies which include the National Framework which is designed to promote the development of sustainable local economies, enterprise support and business infrastructure development, and the Provincial Growth and Development Strategy. LED is to promote an economic growth within the context of the Mineral and Petroleum Resources Development Bill of 2002 (MPRDA) in rural mining communities which are typically endowed with mineral treasure troves which can be utilized to grow their local economies. The

MPRDA utilizes various legislative instruments designed to promote LED such as the Board Based Black Economic Empowerment Charter referred to as the Mining Charter. Social conditions are one of the key elements of the Mining Charter. Article 26 of the Mining Charter requires Mining companies to assist in community development. The MPRDA also requires mining companies to submit a Social and Labour Plan (SLP) which must be aligned with the local and district municipality Integrated Development Plan (IDP), the Provincial Growth and Development Strategy (PGDS), National Spatial Development Strategy (NSDS), National Priorities and any other relevant policy documents.

Section 100 (2) (a) of the Mining Charter provides for Black Economic Empowerment (BEE) which is promoted through the elements of ownership; procurement and enterprise development; beneficiation; employment. Small, Medium and Micro-Enterprise (SMME) development in local government typifies a major aspect of BEE. LED projects in rural communities are typically SMME and sometimes premised on community project participation. Section 22 of the Mining Charter also emphasizes that enterprise development and local procurement are one of the key instruments to achieve both competitiveness and transformation of the mining industry. The Mining Charter also requires that the mining industry achieve a minimum target of 26% ownership per mining right to enable meaningful economic participation of black people. However, despite the LED National Framework, and the MPRDA legislative instruments designed to grow the local economies of rural mining communities, the literature perused demonstrates that mineral beneficiation has remained problematic. The challenge is established through the 2009 and 2014 DMR Review which indicates that most mining companies have not adhered to the SLP measures, or effectively met BEE requirements such as enterprise development or local procurement which would transform the local economies. The DMR report also bemoans the level of BEE ownership which has become concentrated in the hands of anchor partners and, representing a handful of black beneficiaries. The application of BEE measures is also challenged to have focused on issues of ownership which not only enriched a small margin of Black elites, but marginalised key beneficiaries which were the mining communities.

There were other challenges identified in the chapter that impact LED through the MPRDA such as globalisation, the rural typologies of mining communities, and labour. In regards to rural typologies the literature perused, addresses various challenges which are minimal municipal capacity, lack of intergovernmental collaborations despite constitutional requirement for

alignment between national, provincial and local government, spatial economics which have become entrenched due to Apartheid, survivalist enterprises which fail due to lack of capacity, lack of community participation through IDP consultations or effective SLP implementation, and lack of business competitiveness such as skills and infrastructure which would promote attractiveness. Globalization has contributed towards the challenges of facilitating economic growth through the MPRDA as the mining industry is struggling due to sinking commodity prices in the global market. Strikes in the mining industry also threaten to stifle LED growth as working hours, salaries, lack of skills development, and entrenched socio-economic disparities in the communities remain contentious.

Chapter 5: The chapter dealt with the presentation of the research design applied in the study. A mixed method research design was applied because the study was inclusive of qualitative and quantitative tools. A case study method was utilized to assess implementation of the MPRDA to facilitate LED growth by ASA Metals mine at four (4) surrounding villages. Legislative documents such as the MPRDA and the Mining Charter were studied. Research done on mineral beneficiation and LED growth was also examined. The study was undertaken mainly at Limpopo Province. Qualitatively, the researcher interviewed various respondents who were selected on the basis of their responsibility in MPRDA application at local government level. These respondents included local government officials, the Department of Mineral Resources, the Office of the Chief and Community liaisons, and the mining management. From a quantitative level, the researcher implemented surveys to 400 respondents who fell under Chief Maroga's jurisdiction in Burgersfort, Limpopo. Sampling was done by ensuring that respondents met certain criteria such as having resided in the community for a certain period, and through geographical cluster sampling. Because a geographically dispersed population can be expensive to survey, the process was achieved by treating several respondents within a village as a cluster

The qualitative data was analysed by utilising summary forms to summarize interviews. The quantitative data was coded to its source by writing the pseudonym of each participant and the number of the page on the top right of each page. Coding was followed by the use of Microsoft Excel software which was used for doing inter-community comparison. The concurrent triangulation strategy was implemented as part of the qualitative and quantitative data collection process. To test reliability and validity, a small sample was drawn to check if the interview schedule yielded the required information. In regards to the quantitative data collection, survey

scale items were established based on a pilot process. Ethical considerations such as voluntary participation, privacy/confidentiality/anonymity, and protection from harm and referral protocol were adhered to. The study adds value to the scientific community in terms of knowledge about the mining industry and relationships with stakeholders in local mining communities. The study also assists the Department of Mineral Resources, and local government in implementing new policies and the implementation of existing ones for the advancement of rural mining communities.

Chapter 6: The chapter presents the conclusion drawn from the research basing it on literature reviewed and the findings of the study. The aim of the chapter was to; determine the extent of the application of modernisation framework within the mineral industrialisation in South Africa; exposes the manifestations of neo-liberalism within the South African mining beneficiation strategies; investigate the mine management of their opinions regarding the mineral beneficiation of local communities; establish from Department of Mineral Resources officials their role in ensuing compliance of mines to promote local economic development; establish from local communities their benefits from the activities of specific mines in their areas; investigate the mine management, regarding compliance of the MPRDA and its effects on local economic development.

The MPRDA preamble emphasizes mineral beneficiation which is to materialize through downstreaming measures such as extraction and processing of mineral to final product and side-streaming which is infrastructure development. According to the findings, mineral beneficiation initiatives were through the smelters which meant the mineral ferrochrome was exported partially raw, and there was no meaningful high end beneficiation such as steel production. The mine established a metal recovery plant and a short road which also both have minimal impact on creating high end beneficiation for the community. Respondents from the DMR, and the Municipality established that for the mine to contribute substantive mineral beneficiation would require it to be more productive at the global level which was a challenge as commodity prices were low. They indicated that ensuring compliance that promotes high end beneficiation remains a challenge as steel making has become competitive, making it problematic for South Africa to produce its own steel at a competitive rate. The findings basically demonstrate that mineral beneficiation requires global competitiveness. The country would have to resolve application of the neoliberal agenda and skilfully navigate the current global landscape by

eliminating market controls, and also implementing tariffs to protect its economy in areas such as manufacturing.

State intervention at the local government level had an impact on delivery and oversight. The findings indicate that the modernisation theory as essential in application as currently, there is a lack of purposive South African state intervention in the role of market economies, policy alignment, and mineral industrialization. Moreover, the legislative battle which took place between DMR and LIMDEV over the BEE ownership quotas at ASA Metals presented in the interview findings is another example of poor coordination amongst the government stakeholders to ensure that the mining agreement works to benefit the community. The municipal respondent stressed that government stakeholders do not plan or consult each other on LED growth through the mining sector. Instead, various overlapping projects which would be more constructive if aligned.

Article 22 of the Mining Charter requiring the mining industry to contribute less than 0.5% of their income towards a social development fund for socio-economic development of local communities has been controversial. The mines are also to submit Social Labour Plans aligned with the Integrated Development Plan. The mine respondent emphasized that promoting mineral beneficiation in the local communities through social plans was problematic due to expectations placed on them by the local community to practically implement service delivery which was the service of local government. The mine respondent also indicated that demands were from various sectors, with extensive expectations or financial contributions, and projects. A majority of community members on the other hand, viewed that the mine did not help the development of the local economy. The community perceptions signified poor alignment of mining Social and Labour Plans with municipal Integrated Development Plans which probably have had serious negative impacts on local communities' economic development. There is a need to address the general level of mistrust and antagonism between mines and communities. Mines are also not knowledgeable of the community needs, resulting in ineffective SLP initiatives which in turn mines interpret as resistance of participation from Communities (chapter 4). The findings portrayed a lack of oversight from the municipality as they never monitored or confirmed existence on the SLP plans or BEE based LED projects the mine claimed. This was verified through the LED failing to know that the mine was headed for business rescue. The findings also demonstrate a need for community and local government office demands to be

streamlined through some governance process that would minimize corruption and make it easier for the mine to focus on a specific centralized outcome.

Job creation was the most contentious issue amongst the community members. The MPRDA is premised on expanding the work base which was not happening at the mine. Findings indicated that the mine engaged in a lot of external recruitments due to lack of skills amongst the local communities who were predominantly illiterate. The external recruitment led to community protests which contributed to the mine being put on business rescue. The findings portray that LED will have to be restructured to focus on addressing professional skills that would make community members globally competitive to their mining counterparts internationally. Uncompetitive labour merely creates stumbling blocks not just for the mine but also the MPRDA process and LED objectives. The findings also demonstrate an urgent need to address expectations surrounding job creation, and the need to address strikes and protests through better communication between the government, mine, and the people. These findings are also buttressed by the LED respondent who argued that the skill-gap can only be realised when the municipality collaborates with local mining houses and local universities and FETs to train local youths in mining related courses. Moreover, given that a majority of Burgersfort citizens remain illiterate as indicated by Statistics SA (chapter 5) strong intervention is required to improve the standard education in all the rural mining communities affected.

Slow economic transformation through Section 2 of the BEE Act featured strongly in the findings. Minimal effort at BEE LED growth through the mining industry was cited as one of the key factors. The mine respondent viewed MPRDA application, particularly the BEE component as complex. The findings indicated that recruiting Black owned enterprises for procurements was difficult as most of them were inexperienced resulting in them producing shoddy work which had a negative impact on mining production. The mine also indicated that the local communities did not necessarily engage in business production relevant to the mining sector. The weak culture of work ethics also need to be transformed as it will have an impact on business competitiveness.

The findings demonstrate that capacity building, education and training is essential in ensuring that BEE companies result in LED growth. Professionalizing of BEE by the local government is critical in order to address the poor quality production cycle. There also needs to be more collaboration between the mine industry and the LED offices to determine relevant mining

production communities should engage in. The municipality attributed lack of interest by the mining industry to support BEE ownership being the reason in limited procurement of Black owned companies. According to the findings, the mining industry was still dominated by international firms that were opposed to partnerships with local community members, and were applying practices that do not necessarily benefit the locals resulting in limited transformation. Mining companies were viewed as the stumbling block by not releasing information and making it accessible for local enterprises to access mining tenders and contracts. Consequently, locals were typically excluded from local supply chain deals and transactions creating unnecessary local hatred against mining operations. Municipal respondents also indicated a need for mines to train BEE companies in order to minimise shoddy work output. Findings indicate lack of LED based monitoring measures to ensure locals access high-value contracts, or subcontracts from mining houses via preferential procurement treatments or platforms, and to empower BEE initiatives through business development measures.

It is recommended that the process of mineral beneficiation be prioritised as it would significantly improve the standard of living in the rural communities. This however, can only be done through improved basic education which would make the community members competitive enough to participation in this process. Industrialization cannot succeed through legislation alone and needs active participation of a literate community. It is also recommended that transformation be implemented at a grassroots level from all levels. The mentality of the mining companies needs to be transformed at a basic human level. Humanity cannot be strictly legislated. There should be community imbizo's between the mines and communities to promote interaction and better understanding which will dispel some of the existing distrust. The mine should also be transparent to the community about the mining processes and requirements so that the community understand their need to sometimes recruit skilled rock-drillers and engineers. Finally, a lot of training is typically for community members of by government to local government officials. The mine also needs to train the local government officers on mining needs and requirements so that their LED officers can be better able to assist the community in meeting BEE tender requirements by companies.

Chapter 7: The chapter which serves as the conclusion which summarises all the chapters in the thesis. The objective of this research was to establish whether the MPRDA has had an impact on LED growth in mining communities which was assessed through various literature. The MPRDA Act 48 of 2002 it was established to ensure that the mining industry promotes rural

and local economic development through mineral beneficiation. Mineral beneficiation through down-streaming would make certain that the country's minerals are processed before they are exported. The MPRDA through mining was also to empower local communities through the Black Empowerment Act which would involve them in the mining industry. Finally MPRDA implementation was to facilitate industrial growth through side streaming. Side streaming is another aspect of mineral beneficiation which promotes infrastructure. Chapters 2 and 3 demonstrated how MPRDA progress has been limited due to economic models such as neo-liberalism which had a negative impact on South Africa's economy during the 2008 global downturn. Neoliberalism has also influenced South Africa's governance through its national policies and minimal state intervention in the business platform. The MPRDA chapter 3 argued would only succeed in mineral industrialization through Sachs economic development stages and adherence to modernization. A discussion of LED and the MPRDA was held in chapter 4. The chapter demonstrated an alignment between the MPRDA and the LED framework, as LED is to promote an economic growth in mining communities within the context of the MPRDA. LED is mandated within various legislations such as MPRDA designed to support sustainable local economies. However, the chapter presented various roadblocks in legislative alignment and implementation, including constraints such as lack of business competitiveness. The chapters were buttressed by fieldwork that was undertaken through quantitative and qualitative measures. The findings from the fieldwork demonstrate lack of inter-governmental alignment, between local and national level, minimal compliance to the MPRDA by the mining sector, alignment of Social Labour Plans with the Integrated Development Plan, challenges in skills development creating tension in local communities on job creation, lack of business competitiveness to meet BEE requirements, and legislative implementation which requires state intervention

7.3. RECOMMENDATIONS

The recommendations in this study are based on the findings of the study and the body of literature reviewed and presented in chapters two, three, and four. The recommendations are made to the Department of Mineral Resources to advise regarding mineral beneficiation in rural mining communities.

7.3.1. Creation of program specifically targeting legislative oversight of MPRDA

The Department of Mineral Resources does not have specific programs targeting oversight of the development of LED in rural communities through the MPRDA. Although the Charter states that meaningful consultations and coordination between the mining industry and local municipalities is a critical element in ensuring mine community development, this requires participation from DMR (*Supra: 80*). This is evident based on the minimal oversight to ensure that companies adhere to key mining instruments. Consequently, claims companies make on either promoting social development or enterprise development are left unchecked. The BEE scorecard which allocates weightings to various empowerment mechanisms such as ownership, management, skills development, employment equity and procurement is not enough (*Supra: 92*), and it is more of a tick box initiative for DMR which does not cascade to the LED office. The fact that the 2009 and 2014 DMR reports states that most mining companies were not meeting targets such as BEE identified in the MPRDA indicates a need of such a program tasked with assistance and oversight of the MPRDA with a focus on the Mining Charter.

The findings also indicate that compliance of the MPRDA is actually very challenging for the mining industry. The challenges are due to the manner in which the act has been implemented by the DMR which was viewed as selective on mainly on health and safety which while critical, needed to be applied holistically with other key areas (*Supra: 163*) with the entire objectives of the MPRDA. Mining companies have complained about the legislative implementation of the MPRDA, particularly in areas such as the 26% shareholding and Black ownership of mining companies (*Supra: 92*).

Legislative implementation and alignment is the third reason why it is essential to create a program targeted at monitoring companies in consultation with the local government and the mining community. One of the key challenges with alignment at local government level is how mining companies deal with related community grievances and risks, capacity constraints at local government and the DMR, poor stakeholder engagement, and the backlog of service delivery which speak to partnerships and alignment. There has been a constant lack of common understanding contributing to poor LED results is that of the respective roles particularly between the province, the district and the local municipality (*Supra: 77*). A progressive policy

and legal framework such as the MPRDA on its own, does not guarantee successful LED process and implementation.

The findings established that the management of intergovernmental relations at the operational level were weak. The national government does not communicate on local mining issues to the local government level which creates a gap. Job creation was one of the key areas that demonstrated a need for intergovernmental collaboration. The municipal respondent indicated that political will among tripartite partners (labour, government and business) is essential in ensuring that the MPRDA becomes successful in job creation. Another example was the lawsuit between DMR and Limdev which had an impact on the mining operations long term.

Amending the MPRDA including the mining charter does not ensure implementation of the legislation. South Africa needs to move beyond crafting various wonderful legislative prescripts and start implementing them. The MPRDA is wonderful document designed to transform the economy, however, there is insufficient legislative oversight. Creating new policies is not the issue as there are enough policies. Legislative implementation of the MPRDA can only succeed through effective state intervention which will ensure that all the role players, the mine, the LED office, and community play their part.

It is thus recommended that the Department of Mineral Resources should collaborate with the local government office to create a program that will address the current gaps between all the stake holders, particularly between the various government layers which would minimize the potential for law suits, and help ensure critical oversight of mining compliance with the MPRDA. This program could serve as a One Stop Shop. For LED to be effective in mining communities, appropriate institutional arrangements must exist between municipalities, provincial and national governments to take the laws and policies and transform them into locally meaningful interventions in collaboration with all relevant stakeholders/actors.

7.3.2 LED growth through the MPRDA

According to the findings of the study, the mines had not created an acceptable number of LED projects in their communities as required by the Mining Charter under the MPRDA. From a total of 400, 243 respondents disagreed that acceptable LED projects had been established through the mines. Moreover, when asked, did the mine impact positively on LED success in the local

area? The majority disagreed at 218, while 182 agreed. The findings reflects the challenges many rural mining communities continue to face. There continues to be minimal local economic development from the mining sector and lack of economic transformation (*Supra: 81*). The lack of business competitiveness at local government level also speaks to constraints of LED growth in rural communities. For LED mining projects to succeed they will have to promote attractiveness at local government level through labour market efficiency (*Supra: 82*). Attractiveness also speaks to the issue of quality output.

The findings also demonstrated high levels of 253 disagreements that LED projects in the community were supported by the mining company which raises problems with BEE application. BEE has been challenged due to the challenge of acquiring competent BEE companies that can perform the tasks that mining industries frequently need. In order for enterprise development to cease becoming survivalist, it is essential for the BEE process to not just be about meeting targets but also promoting a strong culture of business ethics. The findings, also demonstrate that BEE has not managed to cross over to the masses despite the legislative requirements. BEE has not been effective in promoting LED growth due to the business gap where local community members are unable to establish LED business projects that speak to the mine's needs, and the capacity to also succeed in procurement and other business requirement. This assertion is also supported by the municipal managers who indicate that the mining companies have not been forthcoming or transparent about potential BEE business opportunities. Consequently, the mining industry remains predominately under the control of white owned companies and dominated by males (*Supra: 91*).

It is recommended that entrepreneurship development be prioritized through training programs designed to produce maximum output. The local government officials also need to be capacitated by the mines so that they can better help the community members in implementing LED projects. BEE imbizo's between all stakeholders are also suggested as a method of addressing the tensions that currently exist surrounding BEE procurements and projects.

7.3.3 Social Development and the MPRDA

A majority of the community members stated that the mine was not contributing to development as a total of 238 respondents disagreed that the mine helped the development of the local community. Moreover, 265 community members disagreed that there were Community projects as a Result of the Mining Industry. Rural communities in South Africa are typically less

developed and battle with basic services due to spatial economics emanating from the apartheid legacy (*Supra: 78*). The limited amount of social development has a negative impact on promoting attractiveness of the local community.

The 2009 Department of Minerals Mining Charter review found that less than half of the companies participated in the design of Integrated Development Plans. The findings stated that 63% of mining companies consulted with communities when drafting their SLPs and 49% participated in the IDP formulation (*Supra: 80*). Lack of corporate social responsibility efforts to alleviate poverty in the communities will only further tension and conflict within the community. Without assistance from key sectors such as the mining industry, it means that these communities will remain marginalised.

However, the SLP matter cannot solely rest on the mines. Quite a number of community projects set up on behalf of the community by the mining companies have failed because of lack of business attraction, capacity, and poor management (*Supra: 82*). Transformation of racial tension also needs to be addressed for the SLP's to work or else there will always be a "them versus us" mentality that continues to simmer.

It is also important that expectations by the community and government are implemented in line with the MPRDA and LED policies. A consolidated community and government list drawn up by all stakeholders is critical for the mines to both meet their MPRDA requirements, and strike an equitable balance of interests between the mining industry at a business level, while contributing to LED growth in local communities. Extending the list of expectations beyond what the companies agree to, with different demands by different groups be it unions, or councillors, promotes a lot of confusion and unnecessary distrust between the mines and community.

The DMR should consider going beyond BEE score card submissions and cooperate with the LED office by sharing with them the IDP provisions promised by the mines which will promote oversight. There should also be more consultative meetings between DMR and the mines. The mines feel that their voices are not heard. The DMR needs to assist the international companies understand the reason behind MPRDA, the history behind rural mining communities, and the need for the communities to be engaged in development processes

7.3.4 Mineral beneficiation and Industrialization

South Africa's continues to export most of its minerals semi-raw ensuring that the country's high end beneficiation process takes place outside the country. This practice results with other countries deriving the benefit of producing the higher-value product, while South Africa receives lower economic returns (*Supra: 36*) The limited amount of beneficiation impacts on South Africa's capacity to industrialise at the local government level. Particularly since minerals are usually regarded as an industrial catalyst of infrastructure development such as bridges and dams through side stream beneficiation (*Supra: 36*). Asked whether the community benefitting from the mine through infrastructure and industrial development, a total of 244 disagreed compared to 144 who agreed.

The crux of the MPRDA legislation is to beneficiate minerals which would promote manufacturing, job creation, and economically transform the South African economy. Industrialisation of a country where it takes off, would provide economic diversification that generates increased opportunities beyond the limits of subsistence agriculture or commodity reliance such as minerals (*Supra: 39*). From a modernisation theory perspective, South Africa is still trapped in its developmental stage of industrialization as it's economy is still very much linked to the fortunes of resources and commodities. It runs the risk of becoming trapped at producing primary commodities at this developmental stage (*Supra: 39*). Mineral beneficiation has to be factored in with a marked growth in education and entrepreneurial growth. The industrial growth stage embraces societies in the process of transition for it takes time to transform a commerce society in the ways necessary for it to exploit the fruits of modern science through industrialisation. In order for mineral beneficiation to work, strong educational growth will be a necessity. Finally, the findings also indicate that with the advent of globalisation in the latter part of the 20th century a country's competitiveness to attract investment, together with its ability to produce goods and services at globally competitive levels, has become critical for legislations such as the MPRDA to succeed (*Supra: 168*).

The private industry cannot be left alone to try and implement legislative pieces such as the MPRDA. The neoliberal theory assumes that the market, or private industries are efficient and the state is not only inefficient but that the market rather than the state should address economic problems of development as industrial growth and employment creation (*Supra: 47*). Neoliberalism has to be abandoned to ensure that the MPRDA becomes an economic empowerment tool that embraces productivity and mineral industrialization.

It is recommended that economic stages of development are applied, industrial take off and services through the modernisation concept. South Africa cannot industrially take off from its current state unless it stops relying on raw mineral exports and diversifies. Moreover, in order for the community to benefit from the mine through mineral beneficiation the MPRDA process has to be empowered.

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APPENDIXES

APPENDIX A: Questionnaires

Re: The Governance of Mineral Resources in South Africa: The Case of a Selected Mining Community in Limpopo Province

Dear Respondent:

You are invited to participate in a research study by completing this questionnaire which is aimed at establishing the governance of mineral resources in South Africa, and its impact on local economic development in your community. The research is conducted by Ms Funeka Yazini April, a PhD Candidate at the University of Limpopo.

This questionnaire is for a PhD study on the above-mentioned topic being conducted in villages within the Ga-Maroga area. You have been identified as one of the respondents who can assist in acquiring data for interpreting the state of local economic development through mining in the area. You have also been selected as a possible participant in this study because you have the demographics required to be part of the sample representing those in the surrounding mining villages of Burgersfort. You are therefore kindly requested to respond to the items listed on the questionnaire along the scales as provided.

If you volunteer for this study, we would ask you to either fill out the questionnaire. This will take approximately 30 minutes to complete. If you agree to participate, you may stop participating in the research at any time and tell the Research Assistant that you don't want to continue. All information will be treated as confidential. Your answers will be stored electronically in a secure environment and used for research purposes now or at a later date and in any ways that will not reveal who you are.

This research is approved by the Faculty Higher Degree Committee. If you have any complaints about ethical aspects of the research or feel that you have been harmed in any way by participating in this study, please contact Professor Mokoko Sebola, PhD Supervisor, University of Limpopo at 015-268-24-24

COMMUNITY QUESTIONNAIRE

Name of Village :.....

Area :.....

Participant Coding number :.....

Date:

1. Biographical Details

What is your background?	<input type="checkbox"/> Mining family member <input type="checkbox"/> Community member <input type="checkbox"/> Civil Society – <input type="checkbox"/> LED project member If other, then what? _____
How long have you lived in this mining community	<input type="checkbox"/> ____ years
What is the name of your community?	_____
Are you directly involved in community development programs?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you involved in in any LED projects	<input type="checkbox"/> Yes <input type="checkbox"/> No

2. Local Benefits

2.1. The local communities are benefitting from the local mine

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

2.2. The local mines provide enough employment to the majority of the local communities

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

2.3. The existence of the mines supports the overall business success in the local communities

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

2.5. The mines have created an acceptable number of LED projects in the local communities

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

3. Compliance of Mines on SA mining laws

3.1. The local mine adheres to the principles of the SA mining law (MPRDA)

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

3.2. The local mine regards the local people as stakeholders of their business

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

3.3. The presence of the mine impacts positively on the LED success in the local area

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

3.4. The mine has helped develop the local economy

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

4. Mineral Beneficiation

4.1. The community is benefitting from the mine through job creation?

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

4.2. There are community projects in the community as a result of the mining industry

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

4.3. The community is benefitting from mine through infrastructure or industrial development

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

4.4. The LED business projects in the community provide benefit from the mining industry

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

4.5. The LED projects with the mining industry are sustainable and long term

1. Strongly agree 2. Agree 3. Strongly disagree 4. Disagree

Stakeholder Interview: Mining Company

Name of Institution:.....

Work Area:

Participant Coding Number:.....

Date:

Demographics

1.	Are you representing the mining management or head office?	<input type="checkbox"/> Yes <input type="checkbox"/> No If other, then what? _____
2.	Which area are you based in?	_____

1. What is your opinion about the MPRDA?

2. What are your corporate social responsibilities in the area?

3. How do you ensure good governance for local stakeholders through your organization?

4. Which are the local economic development projects supported by the mine in the local area?

5. Are you of the opinion that the local community is benefitting from the operation of your mining activities?

6. Is your mine exporting raw or beneficiated minerals per the MPRDA legislation

7. Is your mine complying with the MPRDA by creating jobs

8. Is your mine complying with the MPRDA ACT by creating high end beneficiation through industrial and infrastructural processes?

9. Did the global crisis affect South Africa's mining industry and your community?

10. Do you view the neo-liberal approach as a working model to benefit the local people?

Stakeholder Interview: Local Government or Community Representative

Name of Institution:.....

Work Area:

Participant Coded Number:.....

Date:

Demographics

1.	Are you working for Local Government development, or serving as a community representative/liaison?	<input type="checkbox"/> Yes <input type="checkbox"/> No If other, then what? _____
2.	Which area are you based in?	_____

3. Is the implementation of MPRDA effective from a local government perspective?

4. To what extent is the mine benefitting LED programs in the community?

5. Is it your opinion that the MPRDA is assisting local government and the country in meeting the socio-economic needs of its people?

6. What are the challenges in aligning the mining industry with LED growth in mining communities?

7. Is the community benefitting from the presence of the mine?

8. Has the mine created an acceptable number of jobs

9. Has the mine contributed towards infrastructure development?

Interview: Department of Mineral Resources

Name of Institution:.....

Work Area:

Participant Coded Number:.....

Date:.....

Demographics

1.	Are you working for the Department of Mineral Resources	<input type="checkbox"/> Yes <input type="checkbox"/> No If other, then what? _____
2.	Which area are you based in?	_____

10. Is the implementation of MPRDA effective from a departmental perspective?

11. What is the extent of compliance by SA mining in implementing the mandate of MPRDA?

12. Are the punitive measures being taken by DMR regarding mines that are not complying?

13. To what extent are mining companies complying to the prescripts of the MPRDA?

14. Is it your opinion that the MPRDA assists the South African government in meeting the needs of its people?

APPENDIX B: Interview schedule

Institution	Location	Date
Office of Chief Maroga	Burgersfort	<i>April 24, 2016</i>
Sinosteel, ASA-Metals	Johannesburg	<i>May 30, 2016</i>
Department of Mineral Resources	Pretoria	June 3, 2016
The GTM Greater Tubatse Municipality	Burgersfort	<i>June 9, 2016</i>
Limpopo Economic Development Agency	Burgersfort	24 August 2016