

THE MINING SECTOR: LOCAL PROFILES AND IMPACTS

TRACY LEDGER

OVERVIEW

- Focus on LMs where mining makes up 30% or more of GVA, plus 3 where mining is declining/growing rapidly
- Changing contribution and relative importance
- Employment trends
- Demographics
- Service Delivery
- Municipal Capacity/Resources

OVERVIEW

MUNICIPALITY	PROVINCE	MINING % of GVA (2013)	VALUE OF MINING (2013 – R millions)	MAIN PRODUCTS
Thabazimbi	Limpopo	87.58%	19,952	Platinum, iron ore
Gamagara	Northern Cape	77.54%	6,270	Iron ore
Fetakgomo	Limpopo	73.71%	3,473	Platinum
Greater Tubatse	Limpopo	64.02%	15,117	Chrome, platinum
Richtersveld	Northern Cape	55.03%	1,386	Diamonds
Kgatelopele	Northern Cape	54.53%	1,882	Lime, Gypsum
Masilonyana	Free State	52.32%	4,248	Gold
Rustenburg	North West	51.48%	33,618	Platinum
Lephalale	Limpopo	49.46%	3,855	Coal
Westonaria	Gauteng	48.87%	5,350	Gold
Dikgatlong	Northern Cape	47.33%	1,459	Diamonds
Khâi-Ma	Northern Cape	46.09%	879	Zinc
Thaba Chweu	Mpumalanga	45.52%	5,945	Platinum, gold
Ba-Phalaborwa	Limpopo	44.85%	7,011	Copper, phosphate, vermiculite
Mkhondo	Mpumalanga	42.82%	3,174	Iron ore

KEY ISSUES - 1

- Importance of platinum in many of these locations
- Six localities where mining is particularly critical to the local economy, in relative growth terms.

MUNICIPALITY	% CHANGE MINING GVA (1996 – 2013)	% CHANGE TOTAL GVA (2006 - 2013)	Mining share of total GVA (2013)
Gamagara	114.1	109.8	77.54%
Fetakgomo	75.0	73.8	73.71%
Greater Tubatse	212.6	202.2	64.02%
Lephalale	36.8	3.1	49.46%
Thaba Chweu	1037.0	193.7	45.52%
Ba-Phalaborwa	7.0	-25.2	44.85%
Mkhondo	434.1	37.3	42.82%
Tsantsabane	117.5	76.1	41.00%
Moqhaka	88.6	35.4	32.44%

KEY ISSUES - 2

- Household growth is outpacing population growth, increasing pressure on service delivery

MUNICIPALITY	% CHANGE HOUSEHOLDS (1996 – 2013)
Gamagara	90.4
Fetakgomo	42.9
Greater Tubatse	93.3
Lephalale	69.7
Thaba Chweu	58.5
Ba-Phalaborwa	62.5
Mkhondo	68.4
Tsantsabane	57.3
Moqhaka	16.7

KEY ISSUES - 3

- Gold and Platinum make up more than 60% of employment, but coal is expanding rapidly.
- **Volatility** in employment may be a more important issue than absolute numbers in contributing to tensions in mining towns
- Most of the focus municipalities are characterised by high/very high poverty levels

MUNICIPALITY	2011: % H/HOLDS EARNING R19,600 OR LESS	UNEMPLOYMENT 2013 (%)
Gamagara	32.7	24.5
Fetakgomo	54.6	30.3
Greater Tubatse	52.7	24.3
Lephalale	38.8	9.9
Thaba Chweu	40.5	27.4
Ba-Phalaborwa	46.9	12.3
Mkhondo	53.2	48.9
Tsantsabane	33.9	40.1
Moqhaka	44.0	29.8

KEY ISSUES - 4

- Service delivery is often unable to keep pace with household growth
- Water and sanitation levels are generally low, particularly in platinum mining areas

MUNICIPALITY	% GROWTH IN H/HOLDS: 2001 - 2011	HOUSING ²		WATER ³		SANITATION ⁴	
		2011	2001	2011	2001	2011	2001
Fetakgomo	17.4	94.2	80.8	5.5	1.9	1.9	2.6
Greater Tubatse	35.4	83.2	72.3	9.5	3.9	6.3	5.3
Lephalale	32.1	82.3	76.8	31.4	22.4	39.5	30.1
Mkhondo	25.5	65.2	38.6	30.9	18.2	39.5	29.3
Kamiesberg	9.8	95.6	86.2	41.7	27.3	38.8	33.0
Moses Kotane	17.9	78.3	77.9	18.6	8.3	12.3	10.1
Dannhauser	5.5	82.7	66.7	19.5	8.0	11.5	10.9
Albert Luthuli	16.9	76.5	58.4	22.6	8.9	18.9	13.8

KEY ISSUES - 5

- Municipal institutional capacity is particularly low in mining areas – almost 2/3 were on the 2013/14 Red Zone audit outcomes list. Some improvement in 2014/15, but still more than double the national rate. Particular issue in the platinum belt
- Equitable shares are under pressure, and there is only very limited revenue received by municipalities from mines
- In many areas, disgruntled residents do not distinguish between the municipality or the mines in terms of who should “do something”

IMPACT

- Land use: most significant in the loss of high value agricultural land to coal mining in Mpumalanga
- Water is a key issue: several threats to key water resources and additional impact on agriculture.
 - Questions about the process whereby water licenses are awarded
- Threat of civil unrest in key areas, focusing on mines
- Other social issues resulting from high inward migration rates, exacerbated by low capacity local government