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The Socio-Economic Factors of Medupi Power Station on Lephalale

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Research Report

Submitted in partial fulfilment of the requirements for the

Master of Management in Public Policy

University of the Witwatersrand

School of Governance

Supervisor

Prof. Patrick Bond

DECLARATION

I declare that this research report is my own, unaided work. It is submitted in partial fulfilment of the requirements for the Masters of Management Public Policy at the University of Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at any other University.

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(Signature of candidate)

Abstract:

The research explores the socio-economic causes of Medupi Power Station on Lephalale. The mineral-energy outlook of Lephalale is attractive to the global players whilst the Lephalale Local Municipality's authority is proving to be limited over the area. The knowledge of the community is outshined by the global players eager to invest. The "positivist approach" in public policy leads some to consider markets as the most effective means for social decisions, hence a reliance on Eskom's corporate investments to offset damages. The idea seamlessly adjoins the "post-positivist approach" which acknowledges the vital role of conflict and political actors in the public policy arena. Any policy process is an outcome of both the "positivist and the post-positivist approach" (Howlett, Ramesh & Perl (2009). Eskom's corporate social responsibility/investment is inadequate to address the socio-economically and ecologically-subjugated communities, which occasionally resort to violent protest. A balance between profit and social needs is unavoidable. Leadership should ensure that the policies and practice safeguard the interest of future generations. This qualitative research employs documents and interviews to describe Medupi's socio-economic factors on Lephalale. The Lephalale Local Municipality, political parties, and the Lephalale Library are key participants.

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Abbreviations

ADB	African Development Bank
ANC	African National Congress
B-BBEE	Broad-Based Black Economic Empowerment
BOFE	Business Opportunities and Franchise Exco
CBD	Central Business District
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CSP	Concentrated Solar Power
CSR	Corporate Social Responsibility
DoE	Department of Energy
DPE	Department of Public Enterprise
DTI	Department of Trade & Industry
ECD	Early Childhood Development
EDF	Early Development Foundation
EIUG	Energy Intensive Users Group
Eskom	Electricity Supply Commission registered public entity Eskom Holdings Soc Limited)
HDA	Housing Development Agency
IDP	Integrated Development Plan
IEA	International Energy Agency
IEP	Integrated Energy Plan
IPP	Independent Power Producers
ISRDP	Integrated Sustainable Rural Development Programme
MCWAP	Mokolo Crocodile Water Augmentation Project
MVA	Mega volt ampere
MW	Megawatt (1 million watts)
NDC	National Development Commission
NDP	National Development Plan
NGO	Non-governmental Organisation
NPC	National Planning Commission
OUTA	Organisation Undoing Tax Abuse
PV	Solar Photovoltaic (PV)
SADC	South African Development Community

SAHRC	SA Human Rights Commission
SEDA	Small Enterprise Development Agency
SME	Small and Medium Enterprises
SOE	State Owned Enterprise
Stats SA	Statistics South Africa
STP	SEDA Technology Programme
TESP	Tertiary Education Support Programme
UKZN	University of KwaZulu-Natal
UL	University of Limpopo
WESSA	Wildlife and Environment Society of South Africa
WRI	World Resources Institute

Chapter 1: Introduction

Policy making is often not an outcome of a cyclical approach but is mostly influenced by political activity and inactivity. The former is often demonstrated through campaigns and protests. Protests seem to be the most available means through which the political leadership appeases the voters in view of the limited resources. Furthermore, the political leadership players have to appear to be advancing community interests in order to maintain the political power. South African democracy was built on a foundation of conflict that emanated from protest and coercion, in pursuit of a policy course of action, to end apartheid. The history of corporate social responsibility is therefore not appealing to the communities, as they continue to demand accountability from the business sector, particularly Eskom.

The pressing need for survival both generates high levels of contestation, and keeps some from entering the arena of political activism. The community persistently demands employment for local people, and community development. As such ecological issues like water quality, availability and distribution are less important than dominant economic needs. Demands for socio-economic upliftment in Lephalale reflect the biased distribution of power, concentrated on big businesses. A few black elites are emerging as the B-BBEE beneficiaries.

Medupi has catalyzed extensive academic and journalistic writing. Lephalale attracted international and domestic academia, advocacy groups and consultants. Yet there is limited skills transfer to the local community, which is anxiously reaching out to those in authority through campaigns and violent protest. Violent industrial action at Medupi and lately access to economic benefits exposed the socio-economic dynamics of Lephalale. The envisaged economic growth and the community development are equally important for the advancement of Lephalale.

Structure of the research project

The research report provides an analytical framework of the socio-economic impact of Medupi on the municipality of Lephalale. Chapter One provides the roadmap for the research project. It outlines the framework followed towards the completion of the project. This chapter provides the historical background of Eskom and the town of

Lephalale. Also covered is a section on Eskom's socio-economic development programmes. In addition, the chapter outlines the motivation for the research and the scope of study as well as the aims and objectives of the research. The chapter details the literature reviewed and salient features about Medupi. Perceptions were shaped by individuals who formed part of this qualitative study. Data collection method comprised of interviews and document analysis.

Chapter Two is a description of the analytical framework relevant to the public policy science. It examines the literature relevant to the study. Focus is placed on the policy process approach, the networks and the dimensions of power within the policy science. In reality policy making is not cyclical. Medupi has been marked by conflict between various actors who display their political influence to access the decision making arena.

Chapter Three is an explanation of the socio-economic impacts of Medupi on Lephalale. The national government is mandated by the Constitution of the Republic of South Africa (1996, 65) to spearhead infrastructure development, while the municipality is constitutionally bound to "promote socio-economic development, promote a safe and healthy environment as well as to encourage the involvement of communities and community organisations in matters of local government" (RSA, 1996, 65). The chapter outlines the impacts resulting from the interaction of the two areas of government.

The development agenda of Lephalale is articulated in the chapter, which also has a section that describes the issues of interest dominating the agenda. It provides a description of the nature of developmental challenges that face Lephalale. It also articulates a detailed analysis of the socio-economic impacts of Medupi on Lephalale, including local economic benefits, increased rates and taxes, influx of labour for project-construction, the increase in the standard of living, higher wages and unemployable workers.

Chapter Four describes an exercise of power that influenced the socio-economic impacts of Medupi on Lephalale. The chapter explains the model of conflict as well as the authoritative allocation of resources. Critical to the study is the section on

power relations. The section elucidates an extractive view of politics and the influence of the distribution of resources. Also critical are the networks that are perceived to be self-serving in Lephalale and the mobilisation of bias.

Chapter Five offers findings and recommendations of the research project. Lastly, the chapter presents the concluding remarks.

Background to the Study

1.1 Introduction

The construction of the Medupi coal-fired power station raised discontent amongst Medupi's contract workers, civil society, government and the financiers of the construction project due to diverging interests. The mega-project development of Medupi was revealed to be extremely costly, far beyond budget, particularly where costs have spilled over to consumers. The cost implications burden low-income earners, whose domestic routine depends on access to affordable electricity. Indirect ecological impacts are also anticipated due to climate change associated with coal combustion as well as water diversions.

The beneficiaries of electricity are mainly large foreign mining and smelting corporations in the Energy Intensive Users Group (EIUG), which require profit repatriation in hard currency, as well as contractors. For example, in bidding for the R38.5 billion boiler contract, Hitachi's corruption of the African National Congress' (ANC) Chancellor House co-owner was penalised by the United States (US) Securities and Exchange Commission (SEC), although the South African government was tight-lipped. The potential to create permanent employment opportunities for the local economy of Lephalale was unrealised, as temporary workers regularly strike or occupy the plant as their contracts are on the verge of lapse, with no follow-up employment.

In addition, foreign lenders to Eskom like the World Bank are already receiving what in rand terms are extremely high interests payments after disbursing the Bank's largest-ever loan: $3.75 billion in 2010. From 2011, the South African currency fell from R6.3/$ to as low as R17.9/$ in January 2016, before reaching a level closer to R14/$ in mid-2016 (Exchange Rate UK, 2018). That decline in the value of the rand requires a much higher burden for interest repayment to foreign lenders, with Eskom earning only a small fraction of its income in hard currency. Such costs were not properly anticipated.

As the construction of Medupi continues, Eskom's response was through Corporate Social Responsibility (CSR) strategies aimed at silencing rebelling communities and non-governmental organisation (NGO) activists. The image-boosting CSR is patronising given the nearby communities' subjugation to many kinds of socio-economic and environmental suffering. Eskom is faced with the challenge of profit making entities where some received funding from the government. To address the most urgent of these shortcomings, this study maps diversified causes and socio-economic impacts of Medupi's construction and operations on Lephalale.

1.2 Context of the research

1.2.1 Historical background of Lephalale

Lephalale has the biggest municipal area in Limpopo Province covering 14 000km². It is located 40km from Botswana and is one of the gateways to the South African Development Community (SADC) countries (Lephalale Local Municipality, nd, 2). Lephalale formerly known as Ellisras was established in December 1960. The name change from Ellisras took effect in 2002. The name Ellisras originates from the surnames of the then farm owners Patrick Ellis and Piet Erasmus (Raper, Moller & Du Plessis, 2014, 113).

Ellisras (now Lephalale was known as Waterkloof farm; a farm subdivided into numerous portions situated on the banks of Mogol River. Marthinus Frederick Loots (28-11-1889 to 26-01-1971) settled in Waterberg in 1920, whilst Erasmus settled in 1928 and Ellis moved to the area in 1925 and bought the portion of the land from Anne McSeveney in 1932. Loots initiated a transport business between Modimolle (formerly Nylstroom), Mokopane (formerly Potgietersrus) and Botswana (formerly Bechuanaland). Later in 1927 Loots built a shop and initiated a Post Office and telephone exchange. In May 1930 three names were submitted i.e. Leeloots Halt, Wolloots Halt and Ellis Ras, for the purpose of naming the local post office, and the latter became the name of choice. Ellis grew vegetables on the banks of Mogol River (Hunter, 2010, 195).

The town is situated in the former North-Western Transvaal area and was administered under the Transvaal Board for the Development of the Peri-Urban Areas. In terms of the pre -1994 boundaries, it had an estimated population of 1000 Whites and 800 Blacks who were attracted to the area by the vast coal deposits discovered in the 1940s during prospecting conducted for Iscor (Potgieter, Du Plessis, Hiemstra, & Van Zyl, 1974, 295). The population had grown to 115 767 by 2011 (Statistics South Africa (Stats SA), 2011). Blacks are the dominant population estimated at 90, 7%, followed by 7, 9% Whites 0, 9% Coloured and 0, 9% Indians (Stats SA, 2011).

In the past, tobacco and nuts were the main agricultural produce and the area was considered the "best cattle raising district in the country" (Potgieter *et al,* 1974, 295). However, over the years the economic activity changed since Lephalale has become the fastest growing town in the Waterberg District, in terms of population and the economy (Housing Development Agency (HDA), 2013).

The Limpopo Growth and Development Strategy, cited in the Integrated Development Plan (IDP) of Lephalale Local Municipality (nd.129) describe the area as the "coal mining and petrochemical cluster", owing to the large coal deposits. Efforts are underway to entice corporate investment from Sasol to convert coal to liquid for the augmentation of the energy generation capacity (Lephalale Local Municipality (LLM), nd.129).

An estimated 40% of SA's coal reserves situated in Lephalale motivates the municipality towards "building a vibrant city soon to be the energy hub of Africa", with coal as the main source of generation (LLM, nd, 6). The National Development Plan envisages Lephalale as an expansive energy infrastructure town characterised by competiveness energy pricing, reliability and efficiency that operates on local technology considerate of job creation (National Planning Commission (NPC), 2011, 140).

The government municipal spatial plan affirmed Lephalale's central business district (CBD), Onverwatch and Marapong as one of the Provincial Growth Points that will encompass the development of mines and power stations (Waterberg District Municipality, 2013, 6a). The optimistic economic outlook will, however, be attained with costly social, economic and environmental externalities to the community of Lephalale and transnational corporations will undoubtedly be the main beneficiaries of public-private partnerships anticipated to thrive in the construction, operations and maintenance of projects such as Medupi.

Eskom's Medupi and Matimba power stations have become the largest employers in Lephalale, followed by the agricultural sector which contributes 38.85% to the local employment mainly in cattle, poultry and game farming (Stats SA, 2011). Nonetheless, a total of 22% out of the 45 527 economically active population within the municipal area remain unemployed. Furthermore, a total of 26% of the 26 368 of the economically active youth between the age group of 15 and 34 years constitute youth unemployment (Stats SA, 2011).

The perceived unreasonable distribution of resources resulted in competition between Eskom's interests and that of the community in Lephalale. The community and Medupi are tormented by service delivery protests demanding the employment of locals in the construction project. According to Dwivedi (2002, 709), infrastructure development is often met with varying resistance ranging from "campaigns, protests, participation, legitimacy, accountability and transparency" driven by various factors. Eskom did not experience any visible external pressure in the past, including demands for employment opportunities from communities where they operate, even though the construction of Medupi and Kusile was already initiated in 2007 (Eskom, 2014, 1). Pronounced labour disputes became common later during the construction of Medupi.

Mega-projects development are described by Flyvbjerg (2014, 6) as public-private investment projects constructed over a number of years and measured in monetary terms at an estimated cost of at least $1 billion. Medupi was valued at US$17 billion, whilst Kusile was valued at US$20 billion in the assessment report compiled by Deloitte in 2014. Deloitte focused on mega projects under

construction in Africa and based the assessment on their value and period of construction (Deloitte, 2014, 12). Infrastructure costs are universal measures of disparities between mega, giga and tira-projects and their failure threatens the economy (Flyvbjerg (2014, 7).

Eskom became a case of note to South Africa's lessons in the construction of infrastructure. According to Flyvbjerg (2014, 8) the increasing costs of mega-infrastructure inclusive of the electricity bill impacts on individuals' daily lives.The dramatic increase in the quantity and the rising cost of mega-project construction are common problems associated with mega-project development worldwide.

Costs will increase to cater for the need to enlarge the energy transmission and distribution infrastructure for the effective and efficient functioning of mega-projects like Medupi (Action Progress Panel, 2017, 61 citing KPMG, 2016). The construction of Medupi requires capital injection that is not available to the tax payers. Infrastructure development necessitates massive infrastructure spending (Howlett, Ramesh & Perl, 2009, 23), and Eskom was the first company to establish the infrastructure required for the generation and transmission of electricity. In most cases the first company to create infrastructure development will have cost advantage over the supply (Howlett *et al,* (2009, 23). Eskom has natural monopoly over the supply of electricity in South Africa. If unregulated, monopolised prices impact on the social welfare.

The *Business Day* (2017, 19) article by the Parliamentary Correspondent Bekezela Phakathi, as well as the one published by the Organisation Undoing Tax Abuse (OUTA) (2017) hold the notion that Eskom's proposed tariff rise of 19, 9% in 2018 will be met by contestation from various groups such as the OUTA, Nelson Mandela Bay and the Cape Chambers of Commerce. Citing the Nelson Mandela Bay Chamber of Commerce's Thomas Schaefer, Phakathi (2017, 2) articulated maladministration and corruption as the basis for such contestation; consumers believe that they are penalised because of leadership failure. OUTA's Portfolio Director of Energy, Ted Blom, blamed an increase in tariffs on the non-transparent coal contracts; an area exploitable for corruption (OUTAbr, 2017).

The coal contracts are also highlighted in the Eskom Inquiry Reference Book (Eberhard & Godinho, 2017, 2). Eskom's tariff increase is creating, a condition where consumers will either be unwilling to use the electricity or may not afford electricity; in particular since electricity price has increased by 400% over a period of ten years (Eberhard & Godinho, 2017, 3; Eskom, 2007, 4). The "off-grid solar household systems and mini-grids" rather than "large scale grid-power development projects" are increasingly offering cheaper solutions for rural and remote areas, depending on the needs of the household (African Progress Panel, 2015, 43).

The advantage of mini-grids is the combined generation and distribution capacity (African Progress, Panel, 2017, 44). Off- the- grid solutions could reduce a need for mega infrastructure and the resultant economic and ecological consequences. The Action Progress Panel (2015, 45), citing the International Energy Agency (IEA) (2014), estimated that one-third of mini-grids will generate electricity through a diesel or petrol-fuelled system, whilst two-thirds from renewable energy sources; solar photovoltaic (PV) will be the largest in Africa by 2040. Off-grid solutions are still not an affordable solution, particularly to poor households. Therefore, energy access requires an integrated approach inclusive of the revised electricity tariffs; enhanced power efficiency and an introduction of smart technologies (Action Progress Panel, 2015, 61 citing KPMG, 2016). Commodification of electricity and other basic services such as water dissuade affordability and access to the poor (Worthington, 2008), particularly to women in rural setups. Irrespective of the challenges modern day living depends on the electricity generated and supplied.

1.2.2 Eskom's background

Eskom (formerly known as the Escom or E.S.C) was distributing electricity to Witbank's coal mines. It was augmenting the electricity distribution from the Victoria Falls and the Transvaal Power Company to the Witwatersrand gold mines in 1918. The first permanent power station was inaugurated in 1892 in Cape Town (Rosenthal, 1978, 151). The basis for electricity generation was to foster economic activity for the railway transportation system (Potgieter *et al*,

1974, 295). The necessity for economic growth encouraged prioritised distribution to the Energy Intensive Users Group (EIUG) in South Africa.

Richard Worthington, the former Sustainable Energy & Climate Change Project Coordinator at Earthlife Africa stipulates that residential users constituted 17% of the electricity demand, whilst 25 EIUG members utilised 40%. Mining, primary mineral processing as well as the pulp and paper companies are the highest users of electricity. Electricity allocation has been submissive to mining companies (Worthington, 2008). Over the years energy planning followed an integrated approach and the future objectives are aimed at ensuring the security of supply; minimising of energy cost and environmental impacts; creation of jobs and localisation; safeguarding the use of water; diversifying sources of supply and primary sources of energy; promotion of an efficient economy and an increased access to modern energy (Department of Energy (DOE), 2006, 11).

For many years, Eskom's generation capacity was securely producing 37636 megawatt (MW) of electricity through 238964km transmission lines and 167413 mega volt ampere (MVA) sub-stations (Eskom, 2014, 1). Since 1994 Eskom was faced with the task of increasing electricity supply to benefit the majority of South Africa's previously underprivileged rural population and to increase capacity to support the projected economic growth (Eskom, 2014, 1). In 2005 Eskom was given the responsibility to build 70% of the new build programmes, whilst the other 30% became the responsibility of Independent Power Producers (IPP) (Eskom, 2014, 1).

Varying resistance to the construction of Medupi entailed persistent conflict over the distribution of economic benefits from the construction. The residents of Lephalale, for example, are resisting economic exclusion with protests never before witnessed in this rural area. Chancellor House involvement in Medupi contracts aggravates the instability. The *Mail and Guardian* journalists De Wet & Mataboge (2015) revealed the connection between Chancellor House and the "politically preferred" partner Hitachi, a Japanese company contracted to supply steam generators to Medupi. Hitachi agreed to a settlement of $19 million (an

estimated R266 million) to avert a criminal investigation of bribery by the United States Securities and Exchange Commission.

The South African Public Protector, Lawrence Mushwana, also viewed the awarding of the tender by the ANC stalwart Valli Moosa as 'improper' because of the conflict of interest (De Wet & Mataboge, 2015). Brian Mahlangu, an independent governance and public policy analyst, concluded that many BEE projects mainly benefited South Africa's elites whilst the majority remain engulfed by poverty, inequality, unemployment (Mahlangu, 2016, 16).

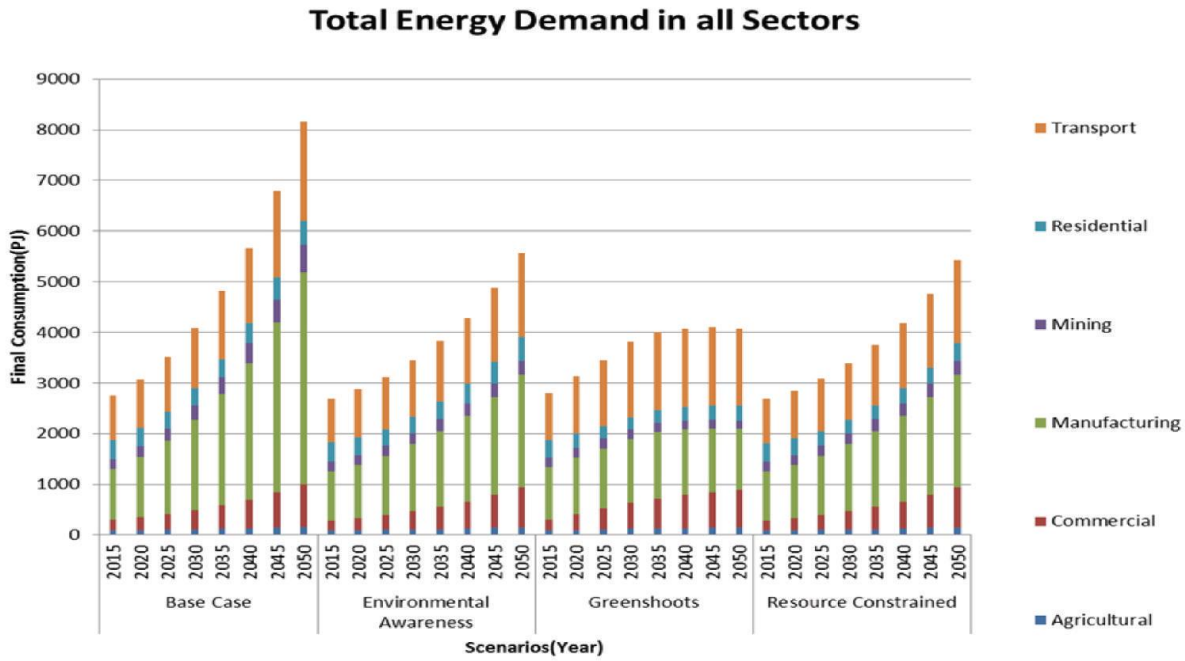
The revelation about Chancellor House was the first of the countless cases of possible corruption involving the construction of Medupi and Kusile and other costly government projects in South Africa. There is no transparency about the contracts of more than 40 service providers and possibly about 100 sub-contractors contracted to the power stations.

Likewise, the South African population is losing trust on Eskom due to the negative outlook that has been projected about the corruption in the state-owned enterprise (SOE). In addition, over the years Eskom has not been projecting stability in leadership. In seven years the entity appointed six Chief Executive Officers or individuals acting in the position. The most notable instability was during 2014 to 2017 when five CEOs were appointed under Minister Lynn Brown (Eberhard & Godinho, 2017, 7, 9). Citing Siseko Njobeni published in *The Star's* Business Report (2017, 18), the latest Acting Chief Executive Officer Johnny Dladla was removed in October 2017. Whilst the community contests for economic benefit from Medupi, there is a need to be far sighted about the uncertainty that may result from water diversions for economic growth benefit in the mineral and energy sector of Lephalale.

1.2.3 The future energy mix

South Africa's future energy mix will consist of coal, nuclear, natural gas, wind and biomass and the importation of crude oil. The latter will largely be dependent on the use of the solar PV and concentrated solar power (CSP) (Department of Energy (DoE), 2016, 18). Despite the enormous capital injection in infrastructure development for Medupi, coal and natural gas contribute the smallest fraction in the number of jobs created in the electricity generating sector.

Solar technologies create the highest number of jobs followed by nuclear and wind (DoE, 2016, 16). Tension has emerged between NGOs and government regarding the anticipated nuclear building programme projected to cost a trillion rand. Citing the Council for Scientific and Industrial Research (CSIR), Sipho King, a journalist for the *Mail & Guardian* (2016; 26), stated that the cost of electricity generation from solar PV was R3, 65 in 2010 but it now costs 62c per kilowatt hour (kWh). A decrease from R1, 52 – 62c per kWh in the cost of generation by wind was experienced since 2010. This decrease is presumed to be active by 2030, whilst generation from renewables is disadvantaged by the weather, it is expected to peak by 2040 (King, 2016; 26). Nevertheless, the grid-base electricity for the whole of Africa is steadily increasing. In 2015 it surprisingly reached 194GW. Gas accounts for approximately 38% of the grid, whilst coal is 24%, oil is 18% and 17% for renewables and only 1% for nuclear (Africa Progress Panel, 2017, 63). In South Africa coal still contributes a large margin to the grid in comparison to other sources of energy.



The projected energy demand per sector as analysed by the DoE cited in the IEP (2016, 14)

The DoE cited in the IEP (2016, 14) projected the energy demand per sector based on four scenarios. The projection is anticipated during the period between 2015 and 2050.

- Base case scenario; the energy mix is based on the implementation of the current policy directive assuming a moderate economic growth.
- Environmental awareness scenario; the energy mix is based on the assumption of stringent environmental safety measures with more severe penalties for non-compliance; an era of an environmentally aware society.
- Resource Constrained scenario; the energy mix is informed by the global energy commodity prices which are constrained by the limited supply.
- Green Shoots Scenario; the ideal scenario is based on the assumption that the NDP objectives are met (DoE, 2016, 12). This implies that the energy mix projected supports the socio-economic development of South Africa.

The future energy mix is to a large extent based on the potential growth of the economy, coupled with policy constrained by consideration for environmental factors, energy efficiency as well as the socio-economic and the macro-economic impacts (DoE, 2016, 12). In reality all four scenarios are interrelated and are likely to unfold in the planning and implementation of the suitable energy mix. Whilst coal is expected to play a pivotal role in the future generation of electricity, investment cannot overlook the enhancement of new technologies such as the "flu-desulphurisation" (DoE, 2016, 17). There is anticipation of cumulative decommissioning of approximately 12600MW coal generation by 2030 and 34400MW by 2050 (DoE, 2018, 27).

Transport is projected to account for the highest energy demands, with vehicles accounting for the biggest future need due to fuel consumption. South Africa is only expected to use electricity vehicles as passenger transport in the year 2030 (DoE, 2016, 13). Another fraction of the increase in the consumption will take place in the manufacturing and the commercial sector. Population growth and urbanisation will also expand in anticipation of the development of the residential

sector; however, knowledge of the energy saving technology will reduce future electricity demand in the latter sector (DoE, 2016, 14).

The intensive use of energy in the transport sector does not project a stagnant pattern in the sector, as well as inefficiencies and ineffectiveness in the public transportation system throughout the country. The decrease in electricity usage will be driven by changes that anticipate spending in favour of energy efficient technologies and behavioural change that is less reliant on the grid. The 2018 IRP has not quantified the socio-economic impact of the coal power plants beyond their 50-year life span (DoE, 2018, 27). It serves as the future research area.

1.2.4 Eskom's socio- economic development programmes

The challenges confronting Eskom at Medupi are analogous to those Lonmin faced at North West Province's Marikana Platinum mine. The mine failed in their area of social responsibility: "job creation and subcontracting (including labour broking), migrant labour, living conditions and the living-out allowance; ineffectual community social investments, lack of meaningful community engagement and participation; and environmental discharges and irresponsible water use, especially in relation to local farming" (Bond, 2014, 193 citing the Bench Marks Foundation, 2007, 2012). The past and present absence of a binding legal framework enabled private companies to launch CSR as a defensive mechanism to profit in unstable black communities such as Soweto (Mann, 1992, 250) rather than the facilitation of the sustainable development of the local population.

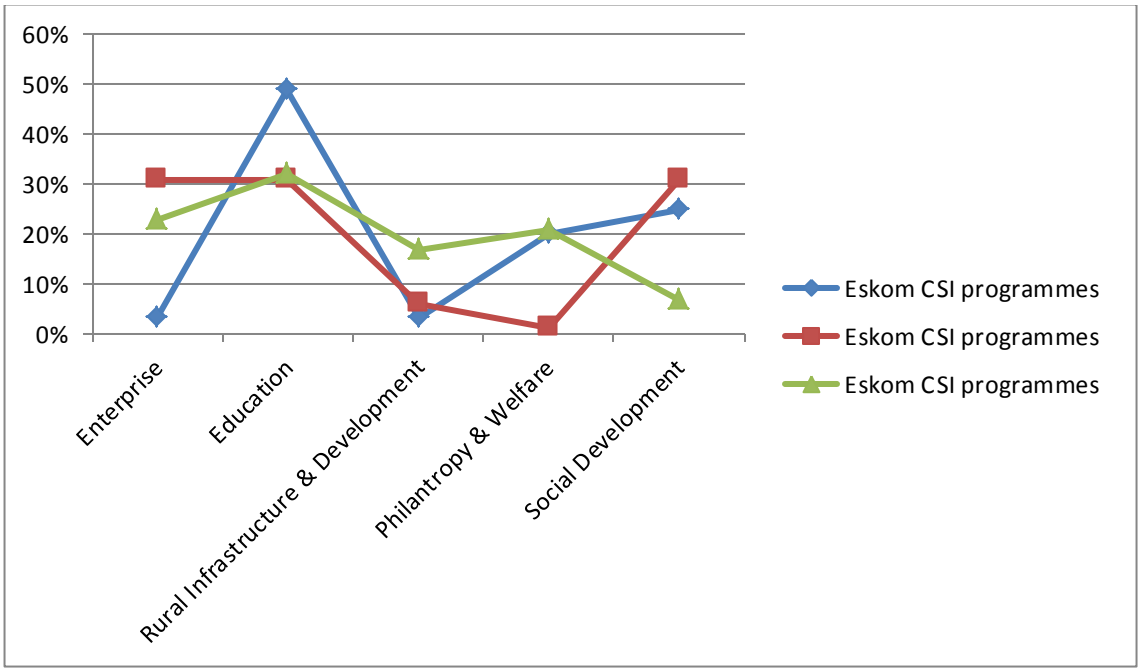
Eskom established the Eskom Development Foundation (EDF) in 1998. It is a non-profit organisation responsible for the coordination and implementation of Eskom's Corporate Social Investment (CSI) strategy that supports the socio-economic development affecting the communities where the public entity operates in all the nine provinces of South Africa. The EDF focuses on the development of "education, health, energy, environment, food security and community development" within the nine provinces (Eskom, 2014, 3). There is concern that water security an enabler to food security is not part of the focus for

the EDF. A decline in Eskom's CSI spending during 2011 – 2014 could be interpreted as a decrease to the social responsibility commitment.

Eskom's CSI programme

The graph below depicts the percentage allocation of CSI by Eskom to various social programmes throughout South Africa during the period 2011-2014. An allocation of 49% of the total CSI funding was put aside for education during the financial year 2011/2012, but does not reflect constant funding in the years that followed. The highest allocation of 31% was on social development in the financial year of 2012/2013, whilst business enterprise received the highest allocation of 23% during the financial year 2013/2014 (Eskom, 2014).

Share of Eskom's CSI spending by category, 2011- 2014



Graph adapted from Eskom, (2014, 46)

The spending focused on the following CSI programmes:

- Eskom's contractor academy is a programme aimed at "enterprise development, conveyed by enhancing skills development, job creation and poverty alleviation" of the community through the EDF. In this programme emerging business owners are empowered with skills on "legislation, management, leadership and technical" know-how to

effectively run their businesses. In the financial year 2013/2014, 214 out of the 223 students that were able to complete the programme partnered with Edupark's University of Limpopo, and from the total enrolled only six were from the energy strategic sites i.e. Medupi (situated in Lephalale), Kusile (Delmas) and Ingula (Ladysmith and Harrismith). Forty per cent of the certificates awarded were handed to women-owned businesses (Eskom, 2014, 9).

- The foundation also supports business incubators, through the Department of Trade and Industry (DTI) and the Small Enterprise Development Agency (SEDA) in the implementation of its CSI strategy. According to the EDF report, SEDA has 26 models situated within the SEDA Technology Programme. Through the SEDA Technology Programme, Eskom provides "training, seed capital, inexpensive infrastructure such as office space and administrative and Information Technology services". Chemistry 'incubator' centres that were established under this programme include the University of KwaZulu-Natal (UKZN), and other incubator centres in Port Elizabeth and East London (Eskom, 2014, 11). No business incubators were established in Limpopo Province.
- The EDF also supports government's Integrated Sustainable Rural Development Programme (ISRDP), food security programmes as well as Early Childhood Development (ECD) programmes and students' new innovation exhibited during Eskom Expo for Young Scientists programme. Tertiary institutions are supported through the Tertiary Education Support Programme (TESP) with greater focus placed on mathematics, science and technology programmes. Through the teach South Africa ambassador programme, the foundation was able to place fifteen ambassadors in five primary schools situated in Lephalale near Medupi in 2012 by means of funds allocated over a period of two years. According to the EDF report, there was an observed improvement in the performance of the schools that benefited from the programme (Eskom, 2014, 31).

- Eskom business investment enables Small and Medium Enterprises (SME) in the “agriculture, manufacturing, trade or service sectors” to display their innovations competitively for price money at the Business Opportunities and Franchise Exco (BOFE). In the year 2013 the winner received R200 000, the sector winner received R100 000, whilst the runner ups received R75 000 (Eskom, 2014, 12). The EDF also supports various inventions that pursue alternative energy programmes through the use of a renewable energy programme (Eskom, 2014, 35).
- The energy and sustainable development programme conducted in partnership with Wildlife and Environment Society of South Africa (WESSA) includes funding educators, learners and communities. Five schools from Lephalale benefited from the strategic area project. The project is aimed at benefiting areas situated adjacent to Eskom’s new build energy programmes such as Medupi (Eskom, 2014, 23).
- The EDF also provides equipment through health care centres. The health centre initiatives include “upgrading of existing infrastructure, provision of medical equipment and mobile primary healthcare facilities to rural communities” (Eskom, 2014, 39).

1.2.5 Motivation

The study is influenced by the need to understand the perceived socio-economic impacts of Medupi on Lephalale and to generate a knowledge base that will inform just and fair development energy programmes for the communities in future projects. There is planned development of a multi-infrastructure mega project in Waterberg District and it is anticipated to be an issue of division between communities and development conglomerates if interests continue to be unbalanced.

Unresolved labour disputes create conflicts between the management and workers in mega-project development, and Medupi experienced the most violent protests from July 2013 when contract workers burnt vehicles on the construction site. The community of Lephalale continued to protest in 2016 and beyond to demand employment opportunities from the highly priced mega

project of Medupi. The Waterberg District Municipality has been declared one of the Provincial Growth Points of Limpopo Province, hence the awaited economic benefits. The areas of Lephalale inclusive of the CBD, Onverwatcht and Marapong are significant to the study because they cover the projected node of development for coal mines and resultant power stations.

1.3 Scope of study

- This study focuses on the community's perceived impact of Medupi as a mega development infrastructure project. There are enormous socio-economic impacts resulting from the construction, operation and maintenance of Medupi on the community of Lephalale CBD, Onverwatcht and Marapong.

1.4 Research questions

Primary question

- How to manage diverging interests in response to the socio-economic impacts of Medupi on Lephalale? (i.e. who benefits, loses and how).
- What is the value of Medupi to the population of Lephalale?

Secondary question

- What are the tradeoffs made by the local community and the economy of Lephalale?
- What are the societal consequences of the construction of Medupi on the community of Lephalale?
- What are the appropriate strategies to be instituted by the municipality to facilitate consented development in other future projects?

1.5 Aims and objectives

The aims and objective of the present study are:

- To understand the underlying causes of the conflict and diverging interests between the local community and benefiting companies.

- To enable efficient development practices that are effective to the management of the socio-economic impacts associated with the development of projects such as Medupi.
- To contribute to academic knowledge in the field of public policy and to influence planning and regulation of developmental zones, particularly since Lephalale is earmarked to be a special economic zone involving multi-mega project development in the future.
- To study the socio-economic conditions of development resulting from Medupi's mega-project on Lephalale.

1.6 Literature Review

The analysis of the socio-economic impacts of Medupi on Lephalale provides insight about trade-offs between conflicting interests. The construction of Medupi created a range of displacing propensities such as financial, water diversions, environmental and migration of people for project labour. The displacing features on mega-project development are highlighted in Gellert and Lynch (2003, 16), whilst Bond (2014) debates about some of those features in his critique of the construction of Medupi.

The emergence of Medupi and Kusile motivated the development of 40 mining zones in Lephalale, Mpumalanga and KwaZulu-Natal, effectively impacting on water diversion an anticipated trade-off to agricultural and tourism employments (Bond, 2014, 106). Water diversions required for the extraction of coal and the operations of Matimba and Medupi will impact on residential users of the growing population of Lephalale. The study by Bond and Ndlovu (2010, 2) provides an outlook of challenges associated with water diversions in a state capital complex with reference to Coega; there is still a need to study the perceived socio-economic impacts of mega-infrastructure project like Medupi on the community of Lephalale.

1.6.1 Causes and effects of mega-project infrastructure

Mega-project developments are defined as visible transforming projects to the landscape that require "coordinated application of capital" and "state power".

They often possess displacing features (Gellert and Lynch, 2003, 18). Various types of mega-projects are cited in Gellert and Lynch (2003, 16).

- Infrastructure mega-projects comprise “ports, railroads, urban water and sewer systems”.
- Extraction mega-projects include “minerals, oil, and gas”.
- Production consists of “industrial tree plantations, export processing zones and manufacturing parks”.
- Consumption mega-projects include massive “tourist installations, malls, theme parks and real estate developments”.

These mega-projects often entail more than one project type in an area. The development of Lephalale comprises of infrastructure involving the Medupi and Mokolo water project pipeline expansion and coal mining expansion. As a nodal point for economic development, special economic zones will be constructed in the area.

In retrospect, tensions developed around the decision to construct the coal-fired power station. This contestation is demonstrated in the academic work by Rafey and Sovacool (2011), who focus on competing discourse between the proponents of the construction and those against the construction of the project which developed during the initial phase of Medupi. The study of contending discourses on the construction of Medupi was revealed in the analysis of primary and secondary documents published between 2006 and June 2010 in Rafey and Sovacool (2011, 1143). Gellert and Lynch (2003, 16) citing Goldman (2001) and Haas (1989) believe that “international construction firms, private and public international financial institutions, public works bureaucracies form transnational communities that yield power over mega-project developments”.

In the case of the construction of Medupi, the Department of Public Enterprise (DPE), Department of Energy (DoE), Eskom, the World Bank and the African Development Bank (AfDB) justified the construction; meanwhile, Friends of the Earth South Africa, Earthlife Johannesburg, Washington DC human rights

organisation Africa Action, Greenpeace and the World Resources Institute (WRI) opposed the construction of Medupi (Rafey and Sovacool, 2011, 1142).

According to Rafey & Sovacool (2011, 1143) the decision to construct Medupi was contested by sixty-five South African civil society organisations who viewed the development as self-serving to the corporate and political elites. The infrastructure development project was known to be featured by lack of funding, human capacity and supply infrastructure (DOE, 2015, 3). The Earthlife international organisation has been instrumental in the advancement of environmental issues associated with the development of Lephalale, whilst the local population's concentration has been on the socio-economic development. It is critical to "identify the many ways in which the global system impacts on our existence, and to distinguish between those impacts that are negative – and which we have the right to resist – and those that are positive and which we might wish to encourage" (McGowen & Nel, 1999, 4). This is often displayed when actors exercise power over conflicting interests.

The culture of violence has become generational. During the 82nd anniversary of 8 January 1994 in the "Statement of the National Executive Committee of the ANC, the late President Nelson Rolihlahla Mandela acknowledged the culture of violence that incorporated South Africa (Mandela, 1994, 6). At the hype of the industrial action at Medupi the conflict at Medupi took a destructive rather than constructive approach. The conflict took a destructive rather than constructive approach articulated in Van Der Waldt (2006, 140). The conflict spilled over to the town of Lephalale as non-striking workers used their power to halt progress in the construction of the power station. The conflict has been characterised by intimidations since 2013. The protest turned violent as the labour demands spilled over uncontrollably and sporadically within the construction site.

The contentions over infrastructure development are also described in Dwiveli (2002, 710) citing Cernea and Guggenheim (1993). The 1980s is described as an era of the "emergence of displacing infrastructure" for various reasons, whilst the 1990s was dubbed "the decade of popular resistance to

displacement". Citing Action Africa the non-profit organisation based in Columbia; Sovacool & Rafey (2010, 98) argue that the construction of Medupi was anticipated to directly benefit 8000 South Africans through employment opportunities. At the same time the project is expected to stimulate negative externalities to the community of Lephalale through "air pollution, increased sulphur dioxide levels, mercury residue in the water as well as restricted water supply" (Sovacool and Rafey, 2010, 95).

Supplementary to mega-project development is the construction of housing settlement to cater for the displaced labour that migrates to the developing area in support of the project. Some researchers view mega-projects developments to have harmful effect on the physical environment (Sovacool & Rafey, 2010, 98; Gellert & Lynch 2003, 19). There has to be a balance between the trade-offs to cater for the development that emerges as a mega-project.

Negative externalities were already experienced by the Lephalale Local Municipality in 2013. The municipality attributes four months water shortage in Lephalale to economic development and population increase. In addition, the municipality acknowledged shortages of housing and road infrastructure. Eskom and Exxaro are responsible for the supply of roads and water, whilst the Limpopo Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) has the mandate over housing development. The challenges with the supply of water were initially raised in the article published by Lizzy Bapela the journalist of the *Beat* newspaper (2013). The municipality lacked the power to make immediate changes to cater for the rapid changes taking place.

1.6.2 Socio-economic factors

According to Mbaiwa (2003, 448), citing Binns (1995), socio-economic development is an all-inclusive approach comprising of the economic, social and environmental factors. In economic terms development is often measured by "poverty, unemployment, inequality and self-reliance". Lack of improvement in the level of "poverty and unemployment" indicates a decline in

the socio-economic conditions (Mbaiwa, 2002, 448). Infrastructure is often seen as the source of economic development. However, attainment of developmental objectives requires a balanced approach between infrastructure development with the social and environmental needs. It is often anticipated that infrastructure development will reduce poverty through the creation of employment and business opportunities. However, employment opportunities created are not sustainable as most of the jobs are short term. Sustainability is receiving interest from "government agencies, academic, practitioners and regulations" (Dunphy, Griffiths & Benn, 2007, 1) and any development that overlooks sustainability will not be embraced by the people who live in poverty.

Additionally, before completion, Medupi's reliable coal supply was already threatened by deficient coal contractors competing for high export returns to India and other Asian countries (NPC, 2011, 142). Environmentally, the construction of Medupi was preceded by displacement of venomous snakes to make way for the construction site (Sovacool & Rafey, 2010, 92). The construction of Medupi resulted in the movement of people for project labour. The migration for labour project has been identified by Gellert & Lynch (2003, 17) as one of the most common type of displacements experienced in construction projects.

1.7 Method and techniques

This study follows a qualitative research study described by Denzil and Lincoln (2013, 2) as a process conducted in a "natural setting" and is interpretive of the data brought to the attention of the researcher. Qualitative research entails documentary and empirical means of data collection such as "case study, personal experience, introspective, life story, interview, observational, historical, interactional and visual texts" through "multi-paradigmatic" lens (Denzin and Lincoln, 2013, 2, 12; Richl, 2001 cited in Sadovnik (2007, 417).

Due to time and financial constraints, a select number of data collection techniques engaged include personal experience, life story and interview. The

technique effects “interpretive, material practices that make the world visible” from field notes, interviews, conversations, photographs, recordings and memos to develop a “socially constructed nature of reality, through the eyes of those who form part of the story (Nieuwenhuis & Smit, 2012, 126; Bryman, 2008, 369; Denzil & Lincoln, 2013, 6). The study of the socio-economic factors compels social interaction with various stakeholders of Lephalale. In that case, interviews were held with a councillor, a local business person and a municipal official. The privacy and confidentiality of the interviewees is maintained by withholding the names. They are therefore cited as references as (2017a); (2017b) and (2017c).

The interviews disclose information about the perceptions held, and questions asked were not considered insensitive to any specific individual. According to Ogletree and Kawulich (2012, 65) emotional, psychological and reputational impact could harm participants, caution was therefore exercised. The interviewees consented to the interview by signing the consent form.

Qualitative research is by nature inductively developed, as perception shape the context of the research outcome (Creswell, 2003, 9). According to Howlett *et al (*2009, 20) citing Lundquist (1987) Przeworski (1987) & Hawkesworth (1992) policy science is based on both the deductive and inductive methods of analysis. The former entails “application of general presuppositions, concepts or principles of specific phenomenon” whilst the latter entails “development of a generalisation on the basis of observation of empirical phenomena and testing of the generalisation against other cases”. Focus placed on the deductive method enabled an explanation of networks as they interact to influence decisions in Lephalale.

The study also deals with communities resolute to challenge the development that is deemed uneven. In the description of power, Booysen (2006, 8) citing Hill (2005, 26) explain “the study of the policy process as essentially the study of the exercise of power in the making of policy, and cannot therefore disregard underlying questions about the sources and nature of power”. Burkey (1993, 75) citing Wignaraja in Theron, (2008, 11) acknowledges

uneven power relations and growing dependency that in some cases necessitate external intervention to effect change. Also vital are the unequal relations amongst actors and the role of globalisation described by Roy (2001, 6) citing Bond (2003) in Davids (2008, 26) as “remote controlled colonialism”. There is a need to understand how the independence of government power is substituted by multinationals responsible for the construction and how they maintain power beyond completion of the projects.

According to the proponents of the interpretivist paradigm reality is a “socially constructed” process that depends on the mind of an individual (Chilisa & Kawulich, 2012, 56), and compels consideration of opinions of all participants. The researcher does not have the financial capacity to use all the data collection techniques mentioned, and therefore focus was placed on a select number.

1.8 Data Collection

Examination of the research design maps the data collection process (Wagner, Botha & Mentz, 2012, 14) and entails interpretation of data gathered from those affected (Nieuwenhuis, 2012, 127) by Medupi construction, notably municipal representatives and community representatives were critical to the completion of this study. The “purposive sampling” technique was used to identify persons noteworthy to the completion of the study (Laher & Botha, 2012, 88).

Purposive sampling is a non-probability sampling method also referred to as judgement sampling. Purposive sampling entails the use a specific selection criteria whereby the “researcher’s experience, previous research or ingenuity” is used to identify the participants (Laher & Botha, 2012, 92). Participants pursued comprised of the senior managers in the Lephalale Local Municipality; councillors; a business person; the chairperson of business structure within the Lephalale; electricity entity and the municipal library provided background information of the Lephalale municipal area. The selected interviewed participants were chosen on the basis of their availability and willingness to participate in the research. The experience and views of

participants are significant in understanding the socio-economic factors of Medupi on Lephalale and the resultant causes of conflict.

Interviews, informal conversation as well as examination of documents will serve as the data collection techniques deemed appropriate for the research project (Chilisa & Kawulich, 2012, 56). Interviews collected data on "ideas, experiences, beliefs, views, opinions and behaviour of selected participants" (Nieuwehuis & Smit, 2012, 132). The face-to-face interview conducted provided in-depth data collection through a semi-structured interview process to complement and corroborate data emanating from documents (Nieuwenhuis & Smit, 2012, 134).

1.8.1 Interview guidelines

The research management process follows the guidelines stipulated by Nieuwenhuis & Smit (2012, 133) in the interview process. Since it is important to gather information from the participants who possess the required information, rapport was established with the relevant municipality. The face-to-face interview was preceded by written communication to future participants in the project. Critical thinking and interpretation skills were necessary to scrutinise relevant information, as the researcher gathered similar types of data. According to Silverman (2006, 379), skill is required particularly where participants could be influenced by emotions.

1.8.2 Document Analysis

Most of the literature ranging from academic journals and newspaper articles on Medupi is already in the public domain and provided a good basis for document examination. Document analysis is described by Pershing (2001), cited in Silva (2012, 141) as a process that involves extraction of facts from any type of document. Documents will, in addition, enable a "cross check" of data gathered from interviews and provide a "historical context" and socio-economic events of Medupi. Facts presented in the documents were interpreted to provide meaning (Atkinson & Coffey, 2004, 57).

Facts were extracted from the following class of documents:

- Primary documents, media articles such as newspapers (Silva, 2012, 141).
- Secondary documents also form part of the project. Secondary source of information include published books, journal articles, legislative records and annual reports (Yanow, 2007. 411). Public and private documents held by the Library of the Lephalale Local Municipality, were beneficial to the study.

1.9 Data analysis and interpretation

Data analysis as described by Berg (2001) cited by Kawulich & Holland, (2012, 229) involves the reduction of data by means of "focusing, simplifying and transforming" data. The data is further "organised according to tables, tally sheets, summary statements and conclusions" (Kawulich & Holland, 2012. 229). The research used thematic analysis to analyse data collected from interviews and compare it with data collected from documents. Thematic analysis enables the researcher to identify themes and patterns (Kawulich & Holland, 2012, 231) relevant to the research question.

The study followed the data analysis process mentioned below:

- Once the first interview was verbally articulated, data was transcribed to a document.
- Transcription of information was conducted to identify the unit of analysis, by identifying any wording, phrases or sentences related to the topic under study, with the purpose of labelling with the code. (Kawulich & Holland, 2012, 231). Once coding was done it consisted of elements, advocated by Boyatzis (1998) cited in (Kawulich & Holland, 2012, 231) naming of the identified theme, the context of the code, a short description indicating whether the code receives qualification or is excluded and simplification of the content by listing of examples. Based on the research question under study, there was anticipation that perceptions would mainly be influenced by the organisations from which the research study is conducted. In order to simplify the research

process known participants were selected and identified according to the role played in Lephalale.

- Organisations under study were composed of the relations between the organs of state and the members of the public of Lephalale.
- New information brought to the attention of the researcher is coded according to the "constant comparative method" (Boyatzis (1998) cited in Kawulich & Holland, 2012, 231).

1.10 Conclusion

Budget and time restraints confined data collection methods to a face-to-face purposive interview process and document analysis. However, this project was worth pursuing from an academic perspective and it is anticipated to add value to the planning of future development projects within the municipal area of Lephalale and similar development projects in other areas.

The next chapter provides an overview of the literature reviewed. Focus is placed on the approaches to the study of public policy; the positivist and post-positivist and the policy process approach. The network approach is equally important by way of explaining interactions of policy actors. The chapter elucidates the dimensions of power by describing decision, non-decision-making and three dimensions of power.

Chapter 2: Literature Review

2.1 Introduction

The socio-economic impact of Lephalale is studied from the public policy perspective. Policy impacts are often quantitative analysis involving the study of outputs (Howlett & Ramesh, 1995, 8). However, the factors under study require a qualitative study as they are informed by the life experiences gathered through interaction with persons of Lephalale. Public policy "is the description and explanation of the causes and consequences of government activity (Dye, 1998, 4).

It is the science of "interconnected decisions taken by a political actor or group of actors concerning the selection of goals and the means of achieving them within a specified situation where those decisions should, in principle, be within the power of those actors to achieve" (Howlett & Ramesh, 1995, 5 citing William Jenkins, 1978).

Saunders (1980, 45) cited in Ham & Hill (1993, 75) articulates real interests as the "cost and benefits" derived by a group from a social arrangement. This is the notion of who gains and who loses within a particular community or society and what interests are confined to which group in the policy arena (Ham & Hill, 1993, 75). Key issues of concern for the research involve the distribution of power and how the policy making arena is dominated to the benefit of one group over the other. Disputes often arise due to varying "needs, values, abilities and attitudes" where one group attempts to dominate the policy arena, over competition for limited resources and resource prioritisation (Van Der Waldt, 2006, 140).Thus, the exercise of power and how it is utilised have an impact on the policy making arena.

Power is described in Van Der Waldt (2006, 140) as the "ability of government to make a person do something he or she does not necessarily want to do". An improved model of public policy making is inclusive of the actors involved in the policy process and the interests that are being pursued. The new model to study public policy acknowledges that actors are not independent and not self-determinant (Howlett & Ramesh, 1995, 13).

Furthermore, the improved model embodies the study of networks in public policy as described by Raab & Kenis (1987, 187). Public policy involves an "articulation of policy goals through deliberations and discourses and the use of policy tools in an attempt to attain those goals" (Howlett *et al,* 2009, 4). Furthermore, Howlett *et al* (2009, 26) describe the policy choice as an outcome of a political process in response to "political pressures, ideology and self-interest", taking place within the confines of political institutions and various actors. It is therefore not an outcome of a technical decision. Public policy therefore involves an interaction of actors and institutions. Public policy study revolves around a number of approaches borrowed from various disciplines.

The chapter focuses on the approaches to the study of public policy. The approaches identified include the positivist, the post-positivist, the policy process approach and the networks as an analytical tool. The chapter describes the dimensions of power from the decisional approach, non-decision making and the third dimension of power and the conclusion.

2.2 Approaches to the study of public policy

"Approaches analyse public problems and devise solutions" (Howlett *et al,* 2009, 21). Apart from studying the political processes such as "campaigns, elections, voting, lobbying, legislating and adjudication; scholars in the field of political science discipline and policy science examine the "the structures of government, the behaviour of political actors, what government should or ought to do and what government actually do, the causes and consequences of government activity" (Howlett *et al,* 2009, 18; Dye, 1998, 4). As mentioned by Dye (1998, 5) public policy science provides an arena to study the "social and economic conditions of society and how the political system responds to the societal challenges".

Policy science emerged after World War II in North America and Europe. Scholars in political science were concerned about the relationship between government and the citizens; in view of the growing public sector's economic and social programmes (Howlett *et al,* 2009, 17 citing DeLeon and Martell,

2006; DeLeon, 2006). The “normative and moral dimension” as well as the “legal and political institutions” focused on government’s achievement to the public good of its citizens. This generated discourse about the nature of society, the role of the state and the rights and responsibilities of citizens and government from the perspective of the bureaucrats (Howlett *et al,* 2009, 12).

In the preceding years discourse emerged about the relations between government and the citizens; the aim was to understand what government should do to achieve public good for its citizens (Howlett *et al,* 2009, 17). According to Torgerson (1990) and Smith (1982) cited by Howlett *et al* (2009, 17), scholars began to study the “systematic evaluation of outputs and outcomes of government programs”; an effort to merge the gap between the political theory and practice. The empirical study of government institutions examined legislatures, courts and the bureaucrats, but did not generate knowledge on the weaknesses of the institutions in view of an increase in public activity. Instead the emergence of international governance encouraged scholars to examine “government processes and structures with justice, equity, social, economic and political development” (Howlett *et al,* 2009, 18 citing Mead, 1985). Many of these studies that entailed behaviouralism, elite studies, political culture and political cybernetics were soon replaced by other approaches (Howlett *et al,* 2009 citing Cairns, 1974, Schaefer, 1974).

By its characteristics policy science has been described by Harold Lasswell as a “multi-disciplinary, problem solving and explicitly normative” science that enables the development of public policy making outcomes and knowledge applicable to the social problems facing society (Howlett & Ramesh, 1995, 3; 4). The multi-disciplinary nature of policy science means the study should move away from the narrow focus of “political institutions and structures” and has to consider other disciplines such as sociology, economics and politics, geography, history, sociology (Ramesh, 2009, 18; Howlett *et al,* 2009, 18). Thus, this study necessitates the notion articulated by Howlett & Ramesh, (1995, 3) of a “multi-disciplinary” examination that focuses on government’s activities, its behaviour and interaction with political actors.

There is a belief that the problem-solving nature of policy science would yield conclusions and recommendations amongst competing options; a feature that incorporates practicality to the public policy theory (Howlett *et al,* 2009, 19). However, in reality the political necessity supersedes public policy and as such may not be considered as a solution to the social problems (Howlett *et al*, 2009, 19; citing Fischer, 2007; Weiss, 1983). The deliberations and contestation are some of the vital elements of influence in the policy process.

Whilst the ideas and techniques drawn from economics are dominant in the analysis of public policy, critics of the approach describe scholars who focus on those approaches as "positivist or rationalist" and mostly follow a quantitative analysis (Howlett *et al*, 2009, 27). Stokey and Zeckhauser (1978) cited by Howlett *et al,* (2009, 25) recommend that government intervention should only be assigned to private decisions that have an impact on social problems. The positivist approach's neglect of the political variable in the policy process led to the emergence of the "politically informed alternative; post-positivist" approach in the 1990s (Howlett *et al,* 2009, 26). The community contestations over the construction of Medupi define the political features found in the policy process.

2.2.1 Positivist and post-positivist approaches to the study of Policy Analysis

The positivists embrace the scientific rationality and see policy analysis as a means to uncover objective knowledge (Howlett *et al,* 2009, 21). The positivist approach is influenced by the application of the principles of economics particularly welfare economics to public problems. The approach is based on the premise that markets are the efficient means to make social decisions. The proponents of the positivist approach believe that markets allocate resources efficiently. However, market failures will be substituted by political institutions through social welfare.

The notion of welfare economics in decision making was first used after World War I by the British economist Alfred Pigou in 1932 and it was confined to market failures brought forth by monopolies and insufficient information (Howlett *et al,* 2009, 22). The positivist approach has limitations that

acknowledged policy choice as an outcome of the "political rather than a technical process, bound by political institutions and made by political actors who respond to political pressure ideology and self-interests" (Howlett *et al*, 2009, 26).

The post-positivist approach entails the micro and the macro analysis. The former study focuses on the programme itself, the challenges as well as the actors involved. The typical questions in the micro analysis entail the efficiency and effectiveness of programmes. The macro study is concerned with "abstract goals and context". Typical questions in the macro study are whether the society derives value from the policy goal or whether there are unintended outcomes associated with the policy goal (Howlett *et al,* 2009, 29). The post positivists believe in the combination of empirical analysis with normative analysis. The proponents of the approach perceive policy as an outcome of "constant conflict and negotiation among policy makers guided by their values and interests and shaped by a variety of contingent circumstances" (Howlett *et al,* 2009, 27). The positivists' failure to analyse party politics and conflicting values amongst the policy makers overlooks the critical element that shapes policy (Howlett *et al*, 2009, 27 citing Dryzek, 2002). The post positivist approach does not conform to an objective analysis but on the assumption that "all information is contestable" (Howlett *et al,* 2009, 27 cited by Fischer (2007b, 224).

Howlett *et al* (2009, 27) citing Fischer (2007a, 97) emphasise pluralism and contesting interests. Divergent actors bring multiple interest and perspective to a policy issue (Howlett *et al*, 2009, 28). However, policies are often the outcomes of powerful interest groups rather and not always reflective of the public interest. Therefore, most often arguments are the basic unit of analysis in post-positivist, whilst the discourses are the methodology (Howlett *et al*, 2009, 28). Policy outcomes are the outcomes of persuasions achieved through arguments as articulated by Howlett *et al* (2009, 28).

The thinking of scholars in the "post-positivist approach" relied on the "political and social analysis of public problems and the policy making process and

outcomes" and ascribes their analysis on the socio-political factors (Howlett *et al,* 2009, 26 citing Dryzek, 1990; Fischer, 2003 & 1998; Forester, 1993; GÖktug, 2002; Hajer and Wagenaar, 2003; Majone, 1989; Stone, 1988). Protagonists of post-positivist, a normative approach, believe in the inseparability of "(positivist) an empirical approach". Scholars who support the approach are of the view that the policy process involves "constant conflict and negotiation" amongst policy makers in pursuit of their values and interests; a critical element in the policy process (Howlett *et al*, 2009, 27 citing Dryzek, 2002). The post-positivist denotes the importance of the public participation in the policy making process articulated by Dryzek (2002) cited by Howlett *et al* (2009, 27). As the facilitator of the policy process the analyst is bound to remove barriers of inequality in policy deliberations to arrive at consensus motivated by the power of presentation rather than the status of the individual (Howlett *et al*, 2009, 28 citing Burton, 2006, 181). The power of public participation is also revealed during the elections. According to Down (1957), cited by Howlett *et al* (2009, 33) during elections voters simply elect candidates or parties that serve their interests. In reality policy science involves the elements of both the "positivist and post positivist" approaches.

There are a number of approaches to study policy science. However, this study is confined to the literature concerned with the "distribution of power", "networks" and "interests" in the public policy making process (Raab & Kenis, 2007, 187, 190; Ham & Hill, 1993, 75). This feature is recognised in the use of conflict to influence decision about the distribution of resources in Lephalale. This section describes three analytical frameworks relevant to the study. An ideal policy analysis encompasses all the elements of "the macro, meso and micro analysis" (Howlett *et al,* 2009, 31).

2.3 The policy process approach

The theories of policy science are informed by a variety of studies such as economics, political science, geography, history, sociology (Howlett, Ramesh & Perl, 2009, 31). The analytical framework for this study is located in the traditional policy process approach articulated by Booysen (2001, 127) citing

Dunn (1994, 5), as well as Ham & Hill (1993) citing Anderson (1997). The cyclical model entails the creation of knowledge by investigating "the causes, consequences and performance of public policies and programmes" for the policy maker and the public (Dunn, 1994, 5). The policy making approach involves a series of "interdepartmental processes" i.e. agenda setting, policy formulation, policy adoption, policy implementation, and policy assessment (Dunn, 1994, 16).

In reality the policy making arena does not follow a cyclical approach, however, the notion provides valuable understanding of the policy arena (Howlett *et al*, 2009, 4). This notion has been acknowledged in Dye (1998, 317) who sums up by stating that the policy process does not often take a cyclical process. Bowe & Ball (1992, 10) on the other hand, are of the view that participation in the policy arena is "a product of a combination of administratively based procedures, historical precedence and political manoeuvring involving the state, the bureaucracy and struggle for access to the policy process".

Citing Anderson (1997, 113), Booysen (2006, 163) articulates the public policy approach as "pertinent and an acceptable proposed course of action for dealing with public problems". Although, the research is not aimed at verifying the "public choice theory" articulated by James Buchanan (1980, 5) cited in Howlett *et al* (2009, 32), public policy often acknowledges the notion by McLean (1987) and Van Winden (1988) cited in Howlett *et al* (2009, 31) that decisions are sometimes influenced by self-interest. According to Downs (1957) cited by Howlett *et al*,(2009, 33) the electorate simply elects candidates or parties that promise to serve their interest; at the same time politicians promise to offer a course of action that will guarantee or win them support during the elections. However, politicians' interests are motivated by "income, power and prestige", derived from holding a position of authority in government (Howlett *et al*, 2009, 31 citing Becker, 1988, Coarse, 1960). Bureaucrats' self-interest involves the maximising of a budget that offers "power, prestige, perks and higher salaries (Howllet et al, 2009, 33 citing Niskanen, 1971).

Embedded in the policy process are the perceived “changes in the distribution of power” that influence a shift in the policy planning and implementation process (Raab & Kenis, 2007, 190). Thus, Waxter (1982, 286), Bowe and Ball (1992, 13) hold the opinion that policy should be viewed as a continuous process that involves a constant power shift as efforts are made to sustain and change beliefs. This power shift and responsibility is not only confined to the institutions of state, but covers business in the public-private partnerships, the catalyst of the “New Public Management” (NPM). The notion advocated by various scholars who studied the Public Private Model of service delivery (Rakic & Radenovic, (2011) citing Khan, Ghalib & Hossain (2014, 282). The manner of pursuing interests is influenced by the location of power in any decision-making process.

The policy arena often attracts individuals or groups that are affected or have an interest or even individuals who are experts on an issue (Miller & Demir, 2007, 138). In accessing the decision-making arena, public and private interactions are often linked to the manner in which power is distributed. In the 1940s, scholars observed an increase in the emergence of hired lobbyists that pursued special interests for financial gain or pursued interests on behalf of politicians who were willing to be re-elected into office or influenced an increase in the allocated budget (Miller & Demir, 2007, 138).

Although, the community benefits from the activities of policy communities, they are described by Miller & Demir (2007, 138) as “exclusionary, out of the public eye gathering of vested interests aimed at spending taxpayers money for their own projects”. They were found to be active in areas where there is intensified conflict within the political arena, and often discernible economic interests within the political arena (Miller & Demir, 2007, 142). Therefore, to a certain extent, the decision-making process will always be influenced to the benefit of one group over the other.

A case in point is the establishment of Lephalale Development Forum (LDF), an organised structure that indicates a shift in power distribution. The forum was initially created to drive the development of infrastructure projects in view of the

development trajectory of Lephalale. It facilitates the socio-economic development of Lephalale. LDF drives priorities and facilitates the socio-economic benefits for the people of Lephalale. Its focus expanded to include skills development, basic medical care and other community-related projects. However, there are perceptions that it is predominantly White and has no relation with local Black businesses (2017b). The LDF partners with Exxaro, Eskom and the Lephalale Municipality and is perceived to be the recipient of prioritised prospective development projects in Lephalale (*NoordNuus, 2014,* 2017b). Lephalale has been experiencing contending groups who seek to shift power and exercise influence in the decision involving the allocation of resources.

2.4 Networks as an analytical tool

Literature of relevance for scrutiny include global policy networks as well as the notion of an advocacy coalition framework advocated by Sabatier, Jenkins-Smith (1988, 1993, 1999) cited by Weible and Sabatier (2007, 123). This study cannot ignore the role played by networking as an analytical took since it "focuses on actors, their interests and especially their relations as the key explanatory factor". The concept of networks is not new, however; it played a critical role in policy making in the late 1980s (Raab & Kenis, 2007, 187). According to Raab & Kenis (2007, 187), citing Simon who is quoted in Kenis and Schneider (1991, 26), the concept of networks in the policy environment is viewed as the "architecture of complexity", or a concept that integrates competing actors (Raab & Kenis, 2007,187 citing Maynts, 1993a).

Networks not only play a role in an institutional setting, but also play an influential role in the decision- making process (Raab & Kenis 2007,187 citing Windhopf-Heritier, 1993, 143). Networks as a form of governance are described as "ideal for coordination", are typically not confined to an institutional structure and provide a starting point for "modes of conflict resolution, the basis of legitimacy, the general orientation and incentive of actors" (Raab & Kenis, 2007, 191). British and American scholars view policy networks as a structure that does not have a hierarchy; it provides an arena for the interaction of state with society and share common interests, understanding as well as resources

(Borzel, 1998, 253, 254). Competing interests are normal in the policy-making environment. Therefore, the exercising of power plays a pivotal role in the decision-making arena. However, Dahl (1961, 101) cited by Hill (1993, 51) demonstrate that varying decision areas are influenced by different individuals, holding the view that one individual is unable to influence decision making across different policy areas.

Networks are relevant to the development process anticipated to boost the economy of Lephalale through combined efforts from the public and private sector initiatives (NPC, 2011, 137); implying service delivery "steered" towards public and private sector collaboration advocated by scholars such as Peters (2011). The idea of viewing networks from the public-private interaction is held by scholars in the school of governance, and the wider view of networks is held by scholars in the "interest intermediation school" (Borzel, 1998, 255). The latter view recognises the interplay of power and pursuing of interests in networks (Borzel, 1998, 255), a noteworthy area in the policy process.

Initially, the public-private partnership initiatives in government projects were aimed at achieving spending discipline and to facilitate shareholder accountability and reporting (The Presidency, 2010, 160). However, those objectives were not achieved with many government infrastructure projects like Medupi. Instead, they fostered the perceptions of corruption displayed through overspending, delays in project completion and social instability in Lephalale. Unlike the private sector; government incurred an increase in costs without being bankrupt (Howlett, 2009, 25). Any bankruptcy would create a reason to borrow from international financiers like the IMF.

2.5 Dimensions of power

The views articulated by Ham & Hill (1993, 65) about the exercise of power in contemporary society remain relevant and critical in modern society. Henceforth, literature studied will focus on the concept of power to examine the socio-economic impact of Medupi that has been characterised by diverging interests expressed through conflict and negotiation between the allocators of resources and the beneficiaries in Lephalale.

2.5.1 The decisional approach

The dynamics of power explain the relations in networks which are often manifested as tension. The study conducted by Dahl (1953, 1961) cited by Ham & Hill (1993), provides an analytical framework to study the distribution of power where there is divergence, and further enable a better understanding on whether power is an influential factor benefiting those attempting to acquire socio-economic opportunities from a development intervention of Medupi on Lephalale.

The literature reviewed studied power from differing perspectives. Whilst Hunter's (1953) was on uneven "reputation for power of local leaders" in Atlanta, Georgia, Mills' (1956) study of United States power considered the role of the "military, business corporations and state agencies" (Ham & Hill, 1993, 65, 66). The literature on the concept of power includes the study by Hunter (1953), regarding the uneven "reputation for power of local leaders" in Atlanta, Georgia (Ham & Hill, 1993, 65, 66).

According to Dahl (1953), an examination of power should instead focus on the actual decisions made, with the view to explore whether decisions are adapted to the benefit of the ruling elites rather than the "power reputation or the organisational position" (Ham and Hill, 1993, 66). In the study of "Who Governs" in New Haven, Dahl (1961) further asked specific questions about the concept of power, i.e. whether inequalities in the power of resources were cumulative or non-cumulative and how important decisions were made, and if the pattern of leadership was oligarchic or pluralistic. The findings of the study revealed that power was distributed amongst various actors, but it maintains that only a few individuals have decision-making power, whilst the majority exercise it through the right to vote (Ham & Hill, 1993, 67).

Decisions are often influenced by the citizens' rights to vote and politicians are often wary of the election outcome, which indirectly influences decisions (Hill, 1993, 510 citing Dahl, 161, 101). In their public statements and in public documents, politicians overtly articulate their voters' aspiration, though the

ultimate objectives of their decisions become questionable to policy actors and the public in the long run. This notion of “non-decision making” is applicable to Bachrach and Baratz’s (1962) view of power cited in Ham & Hill (1993, 67). Dahl (1953) maintains that the concept of power should be studied where political actors have diverging preferences; however, endorses the idea that the prevailing preferences are those exercised within a political system (Hill, 1993, 66).

Policy analysis involves the process of identifying resistance, alteration, subversion, and conformity that takes place within and outside the policy arena. Additionally, the discourses and divergence are sometimes addressed covertly through plotting of clashes and mismatches between policy actors (Bowe & Ball, 1992, 13). It is on that basis that groups have been contending to acquire the socio-economic developmental benefits of Lephalale. The contestation has spiralled to a point of violent protests as potential beneficiaries of the Medupi project strengthened their demands for employment benefits. In spite of the existence of the labour agreement between the employer and employee organisations, influence over the distribution of labour benefits was persistent.

In the intensification of the industrial labour through violence, the Project Labour Agreement (PLA) that was signed to dictate the rules of engagement between the employer and employee organisations during the construction of Medupi became obsolete as workers’ demanded a review of the agreement. The PLA was signed between the following employer organisations: the South African Federation of Civil Engineering Contractors SAFCEC; Construction Engineering Association of South Africa – CEA (SA) and employee organisations; National Union of Mineworkers - NUM, Building Construction & Allied Workers Union - BCAWU, MWU Solidarity; National Union Metal Workers of South Africa-NUMSA, South African Equity Workers Association-SAEWA and Metal Electrical Workers Union of SA-MEWUSA) (PLA, 2008, 50).

The tension impacted on the stability of Lephalale and the nearby Ga-Seleka village as the labour action often manifested into road blockages and intimidation of non-striking workers. Whilst the construction of Medupi was

initiated to be a project, some employees prematurely lost the right to earn a salary due to the large scale dismissals that took place at the hype of labour unrest of 2013. Conflict is articulated in Van Der Waldt (2006, 139) citing Coser (in Anstey, 1991, 2) as the process through which the opponent is "neutralised, injured or eliminated" in the "struggle over values and claims to scarce status, power and resources". Van der Waldt, (2006, 139) defines political conflict as the:

- Struggle over values or scarcity,
- Goal-directed violence between parties aimed at neutralising or harming their opponent,
- The use of power to neutralise or remove obstructing groups or resistance,
- Conflict that is rooted in people's beliefs about goals, as opposed to objectives facts.

The conflict triggered government's response and securitisation to curb the violent protests within the vicinity of Medupi in 2013. Infrastructure development projects are characteristically temporary and offer short and medium- term wages. However, not all important issues are articulated in the political arena as some issues are not influenced.

2.5.2 Non-decision making

In the critique of Dahl's (1961, 101) study, Bachrach and Baratz (1962) are of the view that key "decisions and actual behaviour" cannot be the only determinants of the distribution of power, but "non-decision making" manifest indirectly to prevent issues that are acceptable to some group within the community (Ham & Hill, 1993, 67). Non-decision making is described by Bachrach and Baratz (1963, 632) as the "practice of limiting the scope of actual decision-making to safe issues by manipulating the dominant community values, myths and political institutions and procedures", whereby protection of vested interests becomes the priority (Ham & Hill, 1993, 68).

An example of political inactivity was illustrated in the study on pollution conducted by Dahl (1961) cited by Crenson (1971, vii, 26) in Hill (1993, 51). Although the issue of pollution is confined to the study conducted in the US, Indiana, it is relevant to inform the motives of political inactivity of a burning political policy issue.

For example, in Crenson's (1971, vii) study of East Chicago, the city took a decision to address the air pollution problem in 1949 whilst in the neighbouring Gary a similar decision was initiated in 1962. The analysis revealed that Gary was a single company city dominated by the US with the situation compounded by "strong party organisation" in comparison with East Chicago that had a number of steel companies that did not have the "strong party organisation". In conclusion, Dahl indicated that the economic prosperity of Gary that resulted from the proceeds of the US steel company prevented political inactivity by inhibiting promulgation of an "anti-pollution ordinance without entering the political arena" (Hill, 1993, 56). Against the above background, the issue of water security is a non-decision in Lephalale. There is currently no evidential conflict as a result of water insecurity in Lephalale emanating from the community or the business sector. However, the municipality is aware of the looming challenge of possible future water insecurity to cater for the growing population and the immense development of the coal mining sector of Lephalale.

In the study conducted by Crenson (1971, 145) on pollution cited by Hill (1993, 51, 52, 55), a conclusion was arrived at about the "air pollution" assimilated from Dahl's (1961) "three dimensional views of power", that there is an indication of leniency in areas where industries enjoy massive power (Hill, 1993, 51, 52, 55). Crenson (1961, 145) further comprehends the existence of trade-offs; where industrial development is a priority, they overshadow the pollution issues that are often ignored (Hill, 1993, 57). Bachrach and Baratz (1970, 23) cited by Hill (1993, 58) conclude that apart from the political inactivity, local political practices could be used as measures to prevent an issue of discontent from becoming a legitimate demand. This aspect was clearly discernible in Lephalale, for example, through coordination

of counter-marches by groups competing over conflicting interests. Ham & Hill (1993, 69) citing Bachrach and Baratz (1970, 44) in the book titled *Power and Poverty* concluded that non-decision making can take other various forms:

- The use of force to prevent demands from entering the political process;
- The use of power to ensure issues are hidden through co-optation;
- The introduction of rules or procedures to deflect grievances; and
- Reshaping of rules and procedures (Ham & Hill, 1993, 68, 69).

There is observed evidence of political inactivity regarding some issues; notably the environmental impact and the impact of water diversions of the mineral-energy links of Lephalale. This view has been articulated by Sipho Kings (2017, 6), the *Mail and Guardian* journalist, who stated that although the environmental impacts are more communal, the issue does not receive similar urgency in comparison to the demand for employment that has been dominating the community agenda.

Instead the organisation Earthlife Africa, Johannesburg, has recently launched a court application to set aside authorisation of the proposed 1200 MW Thabametsi power station until consideration of the environment impact assessment. Studies on power were conducted in the US context; however, many other countries face similar challenges of balancing individual rights with public interest rights (Weible and Sabatier, 2007, 123 citing Stone, 1997), particularly where private development is taking place. The study also seeks to understand the distribution of power and raise discourse in areas earmarked for future development.

2.5.3 The third dimension of power

Luke (1974) cited in Hill (1993, 50) took the notion of power to another level when asserting that it should be studied in three dimensions, which are:

- In the “pluralist approach”, the exercising of power that takes place when key issues are contested overtly between actors;
- Exercise of power takes place over key issues between actors through covert conflict to prevent issues from entering the political system; and

- Power involves the shaping of preferences. In this instance “A exercises power over B when A affects B in a manner contrary to B’s interests” (Luke, 1974, 27 cited by Ham & Hill, 1993, 70).

Luke (1974), cited in Ham & Hill (1993, 71) acknowledges the critique around the pluralist approach and in addition, recognises the inadequacies of non-decision making. The latter approach does not guarantee that power can be used to “prevent covert conflict and potential emerging conflict”. However, Luke’s (1974) view on the distribution of power was strengthened by Walsh (1974) and his colleagues’ view that power needs to be investigated not only overtly, but also taking into consideration the “system of domination” (Ham & Hill, 1993, 72). Conflict is not the only means, as illustrated by Bachrach and Baratz (1970) as well as Luke (1974); instead competitive advantage is acquired from dominant values which serve as operational standards within an organisation (Ham & Hill, 1993, 72).

In conclusion though scholars agree on dominant values, the division emanates from the premise that power can be used to manipulate public interest (Ham & Hill, 1993, 72). Hence, there is a need to examine power distribution and the policy actors involved in influencing policy process. The use of power as analytical model is informed by the premise that the level of dominant views dictate whether there will be political activity or inactivity, or conflict.

2.6 Conclusion

Whilst Lephalale experiences a number of socio-economic issues, many of them are not articulated through political activity, whilst some have been dominating the agenda for a number of years. It is acknowledged that political activity is the influencer and only dominant issues that receive institutional support and recognition enter the public policy arena. Policy as a process approach is articulated for the purpose of study; however, the process involves a non-cyclical interaction of actors and institutions involved in the exercise of power, conflict and negotiation.

The next chapter titled the socio-economic factors of Lephalale focus on the development agenda of Lephalale. It explains the envisaged development agenda of Lephalale and the National Development Plan vision 2030. The chapter also explains the common features of mega-project development, the future development, the mineral energy complex of Lephalale, funding for mega-project development and public participation. The chapter also provides the socio-economic outlook of Lephalale, which focused on the local economic benefits, growth in municipal rates, influx for project labour, standard of living, high wages, unemployable labourers and psychological displacement. Concluding the chapter are the contested and uncontested policy issues wherein the environmental and economic factors are discussed. The non-contested issues are inclusive of water shortages and distribution. Lastly, the agricultural and energy trade-offs.

Chapter 3: The Socio-Economic Factors of Lephalale

3.1 Introduction

The socio-economic impacts of Medupi were underrated as the Lephalale Local Municipality (LLM) will be faced with long-term impacts conferred through the securing of energy for South Africa. The domineering socio-economic impacts are mostly influenced by private rather than public interests.

3.2 The development agenda of Lephalale

The Infrastructure Development Act 23 of 2014 prescribes the planning and implementation of infrastructure inclusive of the supply compelled by an obvious shortage observed over a number of years (The Presidency, 2014, 4). The DoE is mandated to ensure a "secure and sustainable energy for the socio-economic development and to foster economic growth" (DoE, 2015, 3). It entails the mammoth task of setting realistic electrification targets, setting priorities for electrification, ensuring allocation and management of funds and subsidisation of electrification projects and determining the appropriate mix between the grid and off-grid technologies (Department of Mineral & Energy, nd, 8). As such, public and individual benefits are imparted through government programmes on energy. Structures and coalitions were formed to advantage from the short-term benefits presented by Medupi.

3.2.1 The National Development Plan vision 2030

The National Development Plan (NDP) vision 2030 pronounced the agenda of "economic infrastructure as the foundation for economic and social development". The pillars for such development rest on the supply of electricity, water, sanitation, telecommunications and public transport for households and economic development in South Africa (NPC, 2011, 159 & 160). The idea is supported by the late Kofi Annan (2017, 9) who chaired the Africa Progress Panel. Kofi Anna states that the lack of energy will negatively impact on the "economic growth, industrialisation, the provision of jobs,

business, sustainable agriculture and social development" (African Progress Panel, 2017, 9).

The vision created is an all-inclusive development that can be achieved by "densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps" (LDP 2015, 34). This visualised development will be achieved with difficulty in Limpopo Province where 88% of the population live in rural set-ups, whilst the remaining 12% lives in urban areas (LDP 2015, 38). Communities in the rural settlements often migrate to the nodal points of growth in pursuit of economic opportunities, creating a challenge for the distribution of services. The rural economies do not always attract foreign investment or provide employment opportunities to retain the best available brains.

Besides the articulation in the NDP 2030, the national government had already initiated the infrastructure development projects in 2012 through the Presidential Infrastructure Coordinating Committee (PICC), responsible for the coordination, integration and monitoring of all the infrastructure requirements of the country. The focus of development was on the poorest provinces that lack water, electricity, roads, sanitation and communication as informed by the future population growth and the projected economic growth (PICC), 2012, 6, 7). Amongst the eighteen strategic infrastructure projects (SIPs) pronounced in the PICC; 5 are geographical SIPs, 3 spatial, 3 energy, 3 social infrastructure, 2 knowledge, 1 regional integration and 1 water & sanitation SIPs. Relevant to Limpopo Province's Waterberg District is the geographical SIP aimed at "unlocking the northern mineral belt with primary mineral reserves in Waterberg as the catalyst" as well as the energy SIP that focuses on "energy generation to support the socio-economic development" (PICC, 2012, 17, 18, 20). The SIPs dictate a mineral-energy type of development in Lephalale.

However, for an ordinary rural population, the articulation of the planned development creates anticipation of better living conditions for the locals. Capital investment in infrastructure was understood to be beneficial to the local population. This is despite the articulation by the Minister of Transport Joe Maswanganyi during his address to the Southern African Transport Conference held at the Council for Scientific and Industrial Research (CSIR) on 10 July 2017 that the economy was not growing fast enough to create the required employment (Department of Transport, 2017, 1).

Schneider (2016) is of the view that there is global regression towards the 20th century type of mega-project development. This view is also held by other scholars who believe that Medupi construction took place during the period of low economic growth when infrastructure spending was propagated as an epitome of economic recovery (Abedian and Ajam, 2009, 93; Gumede, 2011, 247). Instead the overspending and delays worsened the debt obligation for South Africa. Perkins (2016, 215) acknowledges to have been amongst the individuals who constructed the failing global economy. It is the economic survival built on "false economics, false promises, threats, bread, extortion, debt, deception, coups, assassinations, unbridled military power" justifiable to ensure economic growth. Perkins (2016, 215) describes it as the type of economic growth that is likely to result into "death economy" for all as it augments "corporatocracy". In many instances it is built from "war or the threat of war, debt, an extreme form of materialism; a world consuming itself to extinction". It is built on the policy direction that influences many countries whose populations mostly live in poverty. It is an economic system that is built by elite groups through multinational corporations that are constructing their countries' dreams at the cost of poor locals. It is not the type of growth beneficial to humankind because it is based on exploitation (Perkins, 2016, 2). It is contradictory to "intergenerational equity", implying that the exploitation of the current resources should be considerate of the future generation's development needs (Mbaiwa (2003; 448). Sustainability has concern for the well-being of the future generation, in particular the replacement of natural resources (Kuhlman & Farrington, 2010, 3436). It is impossible to exclusively

articulate the development objectives of Medupi without focusing on other areas of expansion, mainly the coal mining in Lephalale.

3.2.2 Common features of mega-project development

Infrastructure development in many countries has been associated with socio-economic and ecological impacts. Gellert & Lynch (2003, 16) citing UNESCO, 2003, view the impacts as “dimensions of displacement”. Mega-project development leads to “biogeophysical displacement” comprising “water diversions and other hydrological changes, depletion or reduction of minerals and species, deforestation, creation of barriers to species that migrate, a decline in water quality”. The socially displacing features entail the creation of resettlement labour camps, loss of communal land in exchange for infrastructure, unemployment on project completion, urbanisation as labour camps become permanent (Gellert & Lynch, 2003, 16). It is worth noting that many workers travel with mega-projects for economic reasons but not out of choice (Gellert & Lynch, 2003, 18 citing Unesco, 2003). Some of these features describe Lephalale one of the future development areas of Limpopo Province.

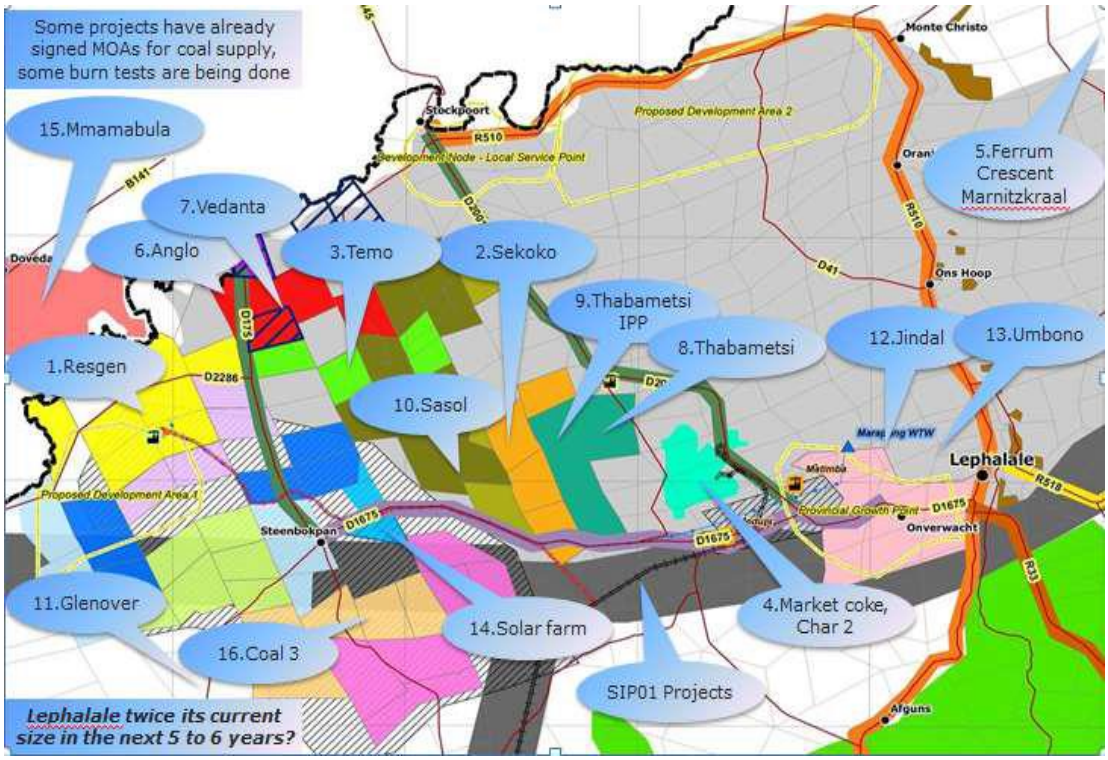
3.3 The future development of Lephalale

Mining contributes 59, 21% to the Gross Domestic Product (GDP), whilst electricity contributes 11, 33% and a significant contribution to the Waterberg District’s GDP is derived from the manufacturing sector (LLM, 2015-2016, 12). According to Pat Mokone (2016. 1), writing on behalf of the Department of Economic Development, Environment & Tourism (LEDET), mining is the future development for the Waterberg District Municipality. Whilst mining is vital to Lephalale, the municipality is equally essential in the promotion of economic development, as well as encouraging community involvement on matters of local government (RSA, 1996, 65). Therefore, it necessitates a balance between economic and community development.

The presence of Grootgeluk mine, Medupi and Matimba power stations reduce the rural and pastoral features of Lephalale and the surrounding farms. Akin to Medupi the development of the mining sector is anticipated to increase the economic activity; contribute to the country's GDP and the revenue of government through corporate taxes, royalties, import and export duties as well as tax on wages.

However, the noise and pollution defines mining as inherently displacing on the property value (Srk, 2013, xvi). Serious challenges in the mining sector occur when minerals flow into illegal markets creating a fertile ground for conflict (Kapelus & Ndlovu, 2006, 321). Some of the illegalities involve large-scale mining that is unaccounted for by powerful mining companies who are advantaged by their financial strength.

The Lephalale Local Municipality envisions an area that will be dominated by the coal mining and energy activities (LLM 2016 – 2017, 117). The mineral and energy development pathway in Lephalale is despite Eskom's announcement that there has been an increase in the "energy availability factor" from 71, 2% in September 2015 to 78, 49% in 2016 produced from coal generated electricity as stated by Terrence Creamer in the *Engineering News* (2016). The current and proposed coal mining and energy projects in Lephalale and the surrounding areas are mapped in the schematic presentation below.



Map A - The mineral and energy development path of Lephalale and the surrounding areas. Medupi is referred to as SIP 01 Projects on the map (LLM 2016 – 2017, 117). Some of the other planned mining and energy development in progress are cited below:

- The Thabametsi Independent Power Producer (marked 9 on Map A) is proposed by Savannah Environmental (Pty) Ltd on the farm Onbelyk 254LQ near Lephalale. Thabametsi is proposing a coal power station with planned capacity of 1200MW mainly for integration to the national grid (Savannah Environmental, 2016, 1).
- Resource Generation (Resgen) (marked 1 on Map A) secured funds to complete the construction and commission of Boikarabelo Mine (Faku, 2016). According to the draft EIA, Boikarabelo will link with the proposed Kubu Coal Mine through the 8.2 kilometre conveyer belt to transport coal to Boikarabelo as the source of energy. Kubu will be bordering South Africa and Botswana on the farm 363 ha Koert Louw Zyn Pan 234sq and source water from the Limpopo River (Digby EIA, 2016, v, iv, vi).

- In the year 2015 Cabanga Environmental held public participation meetings to provide feedback on the scoping phase of the proposed Groothoek Coal Mining Company (Ltd) (GCMC) situated closer to Marapong Township. According to the draft minutes of the meeting held on 11 February 2016 at Mogol Club Onverwacht, concern was raised about the CBD that will have to be altered to cater for the mining developments. It emerged during the meeting that the CBD plan was changed because the municipality did not have the financial capacity to purchase the two farms earmarked for mining activities.

- The area was earmarked for the construction of low income housing. It was apparent that the municipality does not have any land for public use and for municipal development. Most of the land is owned by Eskom and Exxaro (GCMC Minutes, 2016, 3, 15). A perception is held by the interviewee that Eskom and other companies have the financial and legal resources to transact with the local land owners, whilst the municipality does not yield similar power (2017a). Mines easily transact with landowners giving precedence to mining activities over community development and agriculture. According to the interviewee (2017a) interviewed on 15 March 2017 if one farmer sells land to a mining company in a cluster of farms, other farmers follow suite and pave the way for mining activities. It is unbeneficial to farm around a cluster of mines.

According to the EIA conducted by Srk consulting, mining contributes to material wealth and an improvement in the standard of living. As such, other areas of investment are expected. Exemplary households will be able to access social services such as education and health (Srk, 2013, xvi). The Srk consulting (2013, xvii) assumes that local coal power stations will receive precedence over exportation in periods of shortage (Srk, 2013, xvii). This assumption cannot be guaranteed in an environment where companies' objective is to maximise profit, particularly since the dollar exchange rate in

comparison to the rand remains high. According to Bloomberg Markets (2017), the rand dollar exchange ratio was US$13, 45 on 12 October 2017.

3.3.1 The mineral-energy complex

An abundance of coal deposits in the Waterberg District fostered an energy intensive economy (Swilling, 2010, 118,119). However, there is no anticipation that areas like this experience a globally accepted and popular notion of growth that will result in widespread benefits (Perkins, 2004, xiii, 16).

The post-apartheid era is demonstrating the characteristics of the pre-1994 political-economic system, wherein power was inherently located within the capitalist corporations, particularly in the mining and energy sectors (Terreblanche, 2012, 2). The development of the post-apartheid South Africa is influenced by the apartheid's "neoliberal model" of an economic set-up wherein the elites' benefit is qualification for "lucrative salaries and beneficiaries of Black Economic Empowerment (BEE) and Affirmative Action (AA) contracts" (Terreblanche, 2012, 73).

This economic direction is as a result of a compromise coerced through the "secret negotiations" between the business led by the Mineral Energy Complex supported by pressure groups and the leadership of the African National Congress (ANC). The co-optation promised favourable conditions for the "large influx of foreign direct investment, higher growth rates, higher employment and trickle-down effect to poverty" that was expected to address unemployment and inequality (Terreblanche (2012, 63 & 65), frequently translate into social labour and corporate responsibilities that are not regulated and not binding to any company.

A study conducted by Paul Epstein of Harvard Medical School's Centre for Health and the Global Environment citing Swartz (2011), Sharife and Bond (2011, 91) expressed the spill-over effect of the mineral-energy complex to be estimated at US$500 billion per annum, due to mercury and greenhouse gas emissions, toxic spills, land and agricultural damage and respiratory diseases. The interviewee (2017a), stated that the signs of air pollution were already

observed next to Marapong, the township situated closer to Exxaro's coal mine. The interviewee further indicated that there were children who were already born with respiratory diseases such as asthma. This is an area of potential exploration.

In retrospect, power generation in South Africa was mainly generated from fossil fuels such as coal and uranium deposits, contributing to pollution without any need to account for or rehabilitate (Bezuidenhout, Fig, Hamann, Omar, 2007, 15).The international actors role was significant in the influence of the regulatory framework on environmental impacts; however, the knowledge and monitoring is key to curbing the impacts. The Lephalale Local Municipality does not have a solid management capacity and therefore the risk of "pollution, environmental damage and the risk of diseases" is likely to be high in the future (LLM, 2015-2016, 70) stemming from the mineral-energy development.

The groundwater or gas at the landfill site is not monitored and the municipality is inadequately capacitated to render waste management services (LLM, 2015-2016, 71). Instead advocacy groups have seized the space and are influencing environmental issues in Lephalale. Environmental challenges emanating from mines and energy activities will have a negative impact on the socio-economic development of Lephalale if they are not monitored. Though, the issues are not dominating the discourse yet, the environmental impacts are likely to impact on water resources of the future generation.

Schneider (2016) raised the "changing energy markets and surgical global concern about the warming planet". In the twentieth century environmental issues had not dominated the international agenda for any reason, however over-consumption of resources such as fish, soil degradation and deforestation, dumping of waste products in the sea or waste material carried by water led to pollution of the environment. Research indicated that "over-exploitation and environmental degradation were linked to the generation and distribution of wealth, knowledge and power and the consumption of energy,

industrialisation, population growth, affluence and poverty" and there is a shift as well as progression towards the promotion of an environmentally "sustainable socio-economic growth" path (Greene, 1997, 314, 315). This is the path of consideration for the future generation and a rural set-up such as Lephalale. The global agenda influences domestic events.

3.4 Funding mega-project development

Mega-project developments are financially dependent on conditional loans from international financial institutions like the World Bank and the IMF. According to an article written by Keith Schneider (2016), cited as the senior editor of *Circle of Blue* and chief correspondent based in Traverse City, Michigan, discourse has emerged that Kusile and Medupi coal power stations are likely to become a financial and environmental trap for South Africa.

Domestic and global concern continues over the cost of the two power stations that are already estimated at R495 billion before completion. Recently a journalist of *Business Report*, Ziyanda Mbolekwa (2017, 17), citing the former Acting Chief Executive of Eskom, Johnny Dladla, indicated that the China Development Bank loaned $1.5billion for the financing of Medupi, and the service of the loan is payable over a period of 15 years (Mbolekwa, 2017, 17).

The Managing Director of Banking SA, who is also the chair of the International Banking Federation, Cas Coovadia (2017, 2), stated that investment for capital projects largely originated from the West. In the article published in the *City Press*, Coovadia believes that the IMF or the World Bank can be replaced overnight by other funders. Instead the new British, Russia, India, China, South Africa global groupings are opined to coexist with the Western-led institutions (Coovadia, 2017, 2). Lack of concern by funders of projects is reported to be detrimental to the socio-economic as well as the environmental factors of many centres of development worldwide. However, funding for Medupi and Kusile is subjected to the insertion of "low carbon and carbon reduction technologies"; an articulation made by Chris Bredenhann, a

partner at PwC who is cited by Singula Nkabinde in an article published in the *Sunday Times Green Magazine* (Nkabinde, 2017, 57).

The deliberations regarding capital projects often involves aptitude in finance and markets higher than those possessed by many uninformed South Africans, notwithstanding the local population of Lephalale. Funding and conditions for energy capital projects is determined through global markets. Schneider (2016) of *Circle of Blue* cited John M Anderson, a "London-based journalist with speciality in capital markets and the environment" that funders do not care about the consequence of their funding. This notion is also held by the interviewee (2017c), who was interviewed on 16 March 2017. The municipality is voiceless over issues such as mineral extraction and the development of energy projects in Lephalale.

Instead the national government departments instruct the municipality about the national projects taking place within their municipal areas (2017c). Big companies mostly engage with the municipality regarding the social labour plans. Implying that the decisions are made by big and influential multi-corporations and public participation is meant to be a box ticking exercise.

Whilst funding remains critical for mega-project development, the benefits of development are likely to be similar multinational corporations who circumvent the B-BBEE initiative through fronting. The *Mail & Guardian's* Saba (2016, 18) revealed an alarming rate of 112 B-BBEE cases under investigation by the Empowerment Commission that were in pursuit of economic benefits. In one case the multinational company pocketed more than R3 million wherein a black-owned company received R404 000 for a contract. Eskom together with the SASSA are some of the government entities to be confronted by the B-BBEE Commission, an entity mandated to combat the fronting practice. It will not be possible to be rid immediately of the systematically orchestrated skewed distribution of power.

3.5 Public participation

Decision making and intervention in mega-project developments is often confined to select and knowledgeable members of the community, the elites, international lenders and donor institutions together with the private sector. The main role players include “international construction firms, private and public international financial institutions, public works bureaucracies who form epistemic communities wielding considerable power in support of mega-projects” (Gellert & Lynch, 2003, 16 citing Goldman, 2001 & Haas, 1989).

Whilst elites make decisions, the communities either ignore or address mega-project externalities through advocacy coalitions (Gellert & Lynch, 2003, 15). This feature has been observed with conflicts that have become the norm at Lephalale, as the community demands employment opportunities for locals from the construction site of Medupi. The interviewee (2017c) agrees that community prioritised employment rather than sustainable development. Conflicts that exist in Lephalale are in pursuit to alleviate poverty, enabling of economic development and protection of the environment.

The Environmental Impact Assessment (EIA) has become a common tool to weigh the cost and benefit of future development projects. Whilst the EIAs have been intended to carry out an independent study followed by rigorous public participation; the process is perceived to be unfavourable to the community. There is concern over the technical skills of community members who participate in the environmental impact assessment (EIA) process in comparison to the skills brought by the consultants that represent the investors. In most cases, community members become interested or affected individuals because of their proximity to the area of potential development. The interviewee (2017a) indicated that some community members participate in the consultation meeting with the hope of interacting with contacts that will present employment opportunities rather than addressing the future development challenges facing their areas. Additionally, the EIA is perceived to be a flawed process because the investing company appoints the assessing company, in that case it assumes the role of the ‘player and referee’. Active participation in consultation forums is sometimes viewed by

others as the act to oppose any form of development envisaged, particularly by job seekers who need to protect potential job opportunities (2017a).

In some cases companies are only interested in the acquisition of an attendance register distributed during public participation meetings; a valuable document produced during court litigations or when civil claims arise (2017a). Furthermore, announcements for public participation are publicised insignificantly in local newspapers. The advert can be overlooked easily by the members of the community.

The public participation process should be inclusive and representative of the whole community rather than just confined to community leaders. However, if the playing field is not equalised, those affected will withdraw from participation. The interviewee (2017a) stated that farmers' participation in the development process of Lephalale was halted by the realisation that the mining houses yielded more power over them.

Mining and energy companies have an obligation to reveal the impact of their activities in any area. The Mining Affected Communities United in Action (MACUA), hold the view that mining companies are negotiating in bad faith. This notion was stated by Sibongile Mashaba, the journalist who published an article in the *Sowetan* (2016, 6) about an investigation conducted by the South African Human Rights Commission (SAHRC) into the socio-economic challenges affecting mining communities. Consultants become the face of mining companies who serve the interests of their hired companies. A similar posture of employing consultants is also followed by critical institutions such as the Department of Mineral Resources (DMR). Issues of contention were also raised by Mattews Hlabane, the Coordinator of MACUA for Mpumalanga, during an investigation by the SAHRC. Hlabane stated that the DMR served the interests of the mining companies. MACUA views mines as "a hole on the ground owned by a liar". Additionally, Hlabane stated that "communities are excluded from the contracts signed between government and mining companies" (*Sowetan*, 2016, 6). The non-visibility of government institutions as the protector will create tension between the community and government

and will in turn intensify protests in any area earmarked for future development.

3.6 Socio-economic impacts of Medupi

The development envisaged as a result of the construction of Medupi brings forth positive and negative impacts to Lephalale. Though for a short term, the local economic growth was impacted upon positively; it will be at the cost of social challenges that are likely to endure over a long period. For example, Lephalale experiences on the positive side an increase in the standard of living, and on the negative side an increase in the crime rate, emergence of prostitution as an occupation, the development of an informal settlement and growth in the demand for the delivery of municipal services, particularly water supply.

3.6.1 The socio-economic outlook of Lephalale

In the analysis of energy access to poverty conducted by Kanagawa and Nakata (2008, 2017) poverty is described as the "lack of the socio-economic welfare". The authors' articulate advancement of the socio-economic conditions as comprising of health, education, income and the environment that is dependent on the availability and access to electricity. Stats SA's assessment of the development is informed by the valuation of the social development, housing, access to services and facilities, food security and agricultural sectors (Stats SA, 2016, 1). There is global concern over the socio-economic development particularly of females in the rural areas. It is mostly influenced by the economic situation and the social wellbeing of the population. The socio-economic factors are connected to; for example access to income denotes access to the basic means of survival. The NDP (2010) acknowledged that the socio-economic challenges are often complementary to the scourge of natural resources in various municipalities featuring the following;

- Many households are considered too poor to pay the costs of services. The revenue base of the LLM is sustained by households with better living conditions and as such the community of Lephalale view Medupi as their primary source of job creation.

- Some municipalities are poorly managed or have limited human and financial constraints and therefore are not able to deliver services.
- Some municipalities do not have adequate bulk infrastructure to supply households with electricity and water services. There is unrestrained use of electricity by some households to the detriment of other households (NDP, 2010, 160).

The construction of Medupi and interrelated expansion in the coal mining sector implies a potential increase in the demand for the collective usage of water resources, population growth and environmental degradation in Lephalale. However, various engagements interpret the development from an economic perspective. When development is announced the youth and the millions of people who continue to live in poverty anticipate employment opportunities and better living conditions (NPC, 2011, 1).

The political activity in communities is more about the advancement of socio-economic wellbeing. Some demands are more dominant in comparison to others. Van Der Waldt (2006, 139) stipulates that when a particular interest is dominant it is mostly at the expense of another and actors that yield more power are likely to dominate the interests in any political arena. Divergent interests lead to competition and conflict. Retaining and control of power provides the means to advance the socio-economic interests. The advancement of infrastructure development in Lephalale attracts economic demands as an area of interest. Water is significant to human existence; however it has not been central to the discourse in Lephalale. The availability of sufficient water will, however, determine the future development. According to the (2017c) shortage of municipal services does not dominate the policy agenda because many of the affected individuals still manage to spend part of their salaries on water or the construction of boreholes, only few members of the community are mindful of the water shortage. Farmers rely on water-saving technology rather than the conventional sprinkler system; however, escalation of production costs spill over to consumers.

3.6.2 Local economic benefits

The socio-economic developments of Medupi on Lephalale are perceived to be positive. The President of the then Lephalale Chamber of Commerce, Wayne Derken informed Dineo Faku, the *Business Report* journalist that economic boom of Lephalale was expected to last for a period of thirty years. Future development was anticipated in the expansion of the mining sector as well as the construction of another power station referred to as Coal 3 once Eskom's Kusile and Medupi power stations were complete. The newly established power station by Resource Generator was expected to create 800 job opportunities and the construction of Medupi was anticipated to create 17 000 employment opportunities. Employment of locals has been described as the crux of instability in Lephalale (Faku, 2013). Whilst there was growth in the local economy of Lephalale it was not experienced by all the people.

Furthermore, the construction of Medupi enables the development of other infrastructure construction such as the shopping mall valued at 170 million and the expansion of banks and car dealerships. This revelation was pronounced by the President of Lephalale Chamber of Commerce, Wayne Derken, who was interviewed by Dineo Faku (Faku, 2013). Medupi initiated massive property development of about 25 000 houses to the value of R2 billion that were constructed over a period of 3½ years. Additionally, it facilitated businesses in the catering, laundry, transportation and labour camp accommodation.

The envisaged development is already marked by environmental issues contested through the court by Earthlife Africa. A journalist of *Polokwane Observer,* Nelie Erasmus (2017), published an article in the newspaper which indicated that the Earthlife Africa Johannesburg represented by the Centre for Environmental Rights (CER), instituted a Constitutional Court litigation case against the Minister of Environmental Affairs validating an assessment pending an adequate assessment of the climate change impacts regarding the development of the expected Thabametsi Coal Power Station near Lephalale.

According to the climate impact assessment, the new power station will produce significant greenhouse (GHG) emission and in the process create conditions resulting in water shortages for the locals and drought in the areas. The government regarded the expected impact assessment report as irrelevant to the construction of the power station (Erasmus, 2017, 26). Environmental issues are communal in nature and any new development initiative should take into consideration the impact of earlier development.

An interviewee, who was interviewed on 15 March 2017, holds the view that the business opportunities and key positions presented by Medupi were grasped by outsiders rather than the local residents of Lephalale. The local companies were viewed to be too small to match the financial and skill base brought by multi-national companies (2017b). Shalate Thobane of *Nshebele,* the local newspaper of Lephalale cited Phillip Dukashe the Project Director of Medupi who said that Eskom expended R3.5billion on local suppliers since the inception of the project (Thobane, 2016). Business empowerment models proposed were anticipated to facilitate partnerships, whereby big companies would impart the required skill to smaller and emerging companies. According to the interviewee (2017b) apart from the transport contract to Boraro Mmogo Investment (BMI), the Lephalale Site Services (LSS) is the only contract given to the local people. The contract was awarded only after a protest march led by traditional leaders. Additionally, an established catering company, Fedics, assisted with the management of the contract, however there was no skills transfer to the local people. As a result, LSS anticipated closure on termination of the contract with Medupi.

Although business structures were created they are often characterised by infighting for key positions (2017b). As such the local community wrestles over the availability of employment and business opportunities. Membership to political participation provides a licence to employment, particularly in the public sector. There is a belief that patronage strengthens the implementation of developmental policies in South Africa. Escalated levels of violence in service delivery protests countrywide are revealing despondency within community. Any ruling party willing to enhance the socio-economic

development is often motivated by a need to retain political power after the election.

3.6.3 Growth of municipal rates

Lephalale experienced a short-term local economic boom from 2006 – 2014 during the peak of Medupi construction (2017c). The economic boom was short term as the municipality was experiencing a budget deficit estimated at 17 million in 2017, a decrease from the surplus of approximately R75 million in 2016 (2017a, 2017c). Short-term growth featured by long- term deficits and public debts are often experienced by many cities after hosting mega-events (Cornelissen, 2010, 93). The doubled income generation capacity for the LLM was also generated through the rates and taxes in the 2013/14 financial year increasing to R212 268 from a mere R83 789 in 2007/8 (Faku, 2013). Increase in municipality rates was meaningless as more government expenditure was to be refocused on high traffic volumes, increasing crime as the area also attracted drug traffickers, prostitutes and armed burglaries (Faku, (2013) citing Wayne Derken). This opinion was confirmed by another interviewee (2017a). The interviewee (2017c) is optimistic that the municipality will regain the growth from the year 2022, but it will be driven by the availability of water. Wayne Derken stated that whilst the municipality was in the process of converting Lephalale to become the energy hub, the supply of electricity was not sufficient to cater for all the residents of Lephalale (Faku, 2013).

3.6.4 Influx for project labour

The movement of people for labour projects or to make way for projects are some of the common features associated with mega-project displacement described by Gellert and Lynch (2003, 17). Whilst the construction of Medupi did not experience displacement to make way for infrastructure development, it experienced an influx of job seekers for project labour. Some slept in makeshift blankets within the municipal premises until they could secure jobs (2017c).

The interviewee (2017a) stated that Lephalale has been experiencing an apartheid era type of migration challenges due to the construction of Medupi. Employees are transported to the construction areas daily. The traditional family setup is impacted upon as some of the workers from the nearby villages such as Ga-Seleka village, situated approximately 60km from Lephalale leave their area of residence mostly around 04:00am daily and return late in the evening.

The LLM cannot plan for the social challenges associated with Medupi because they are transitory. The practice is akin to the migration in the mining towns described by Sibongile Mashaba (2016, 6) citing Mattews Hlabane of MACUA. Hlabane sees the practice of migrant labour as common in mining towns where the majority of locals are unemployed. Migrants are bussed in from different areas to work in the mining towns to areas where the local population trade-off communal land to mining companies and often struggle to sustain their livelihood (Mashaba, 2016, 6).

3.6.5 Standard of living

Lephalale experienced an increase in the cost of living that was unsustainable due to the construction of Medupi. As a result, the property value increased to become expensive. Eskom supplied contractors' camps to Medupi workers in Lephalale; however, that was insufficient to accommodate the influx for project labour, and hence there was an increasing need for monthly rentals around Lephalale. Property rentals were estimated at R20 000 for a house, per month, whilst a shack in the newly established informal settlement was leased at an estimated R900 per month. An increase in the demand for rental housing confirmed that some of Medupi's hired workers were from outside Lephalale.

This occurrence created unhappiness and mistrust between Eskom contractors and the local population and charted a path for endless unrests. The locals cannot afford the standard of living that was created during the economic boom of Lephalale. There is no guarantee of sustainability in the short-term improvements to the conditions of living, particularly since South

Africa is described in Abedian & Ajam (2009, 81) as the country where the household saving rate is considered low. The non-saving practice was observed amongst some contract workers, who exhaust their potential savings mainly through alcohol abuse (2017c). As the construction project is nearing completion, the local economy is also slowing down; some of the businesses are facing closure and the local population is losing out on the rent (2017a).

Whilst skills are central to the completion of the Medupi project; the local population were perceived to be unskilled to perform most of the specialised work required for project Medupi. Siseko Njobeni (2017), the journalist for *Business Report* recently published an article in which Eskom blamed the contractors for the lack of skills and the knowledge required to perform the job at Medupi.

The interviewee (2017b) is of the view that jobs that require soft skills should have been given to the locals. Local private security companies like Molalatau were created three to four years after the initiation of Medupi, and the locals already lost out on the opportunity to be involved at Medupi from the inception. Following the challenges that were experienced with Medupi, it will be difficult for future projects to continue uninterrupted, since the locals have developed the idea of self-entitlement to employment and business opportunities offered. The local mantra echoed by one interviewee (2017b) is that “nothing about us without us”. This mantra is also held by MACUA.

3.6.6 High wages

Medupi contract workers were perceived to be earning high salaries, estimated to be at R8000 per month, whilst some were reported to be earning R500 per hour i.e. R4000 per day. The former employees of Medupi will remain unemployable due to the high salary rate of approximately R200 per day paid by Medupi; the figure is higher than the South African minimum wage of about R70 per hour (2017b, 2017c). The high salary rate created an expectation of high salary in other sectors, particularly in the informal sector.

The informal sector also billed more for services in view of the high wages earned at Medupi. As a result, there is speculation that some informal sector businesses are able to earn a revenue of approximately R20 000 per month as traders were able to hire additional capacity during period of peak in their business. For example, gardening has become a lucrative business as the residents of Lephalale were expected to pay more in comparison to other surrounding villages (2017c). Growth of the informal sector became a common feature creating an unregulated flow of cash and a second economy.

Lephalale experienced a shift in the behaviour of people and there was creation of employment in sectors that were previously not seen in the former one-street quiet town. This view was echoed by the interviewees who stated that there was an emergence of prostitution and the appearance of expensive drugs, as well as the privatisation of education that manifested through the expansion of after-hour teaching service (2017a, 2017c).

Young women provided prostitution services to foreigners at a rate of about R9000 for the whole weekend, an estimated rate of R3000 per night. The prostitution service became so lucrative that young women were able to hire vehicles to transport them to their clients. Education was no longer essential as some were able to earn an income effortlessly. Lephalale, like other mega-project construction sites, such as Brazil and Lesotho studied by McCully (1996) cited by Gellert & Lynch (2003, 19) could effortlessly become one of South Africa's point of HIV/AIDS transmission.

The locals, particularly young women, grasped the economic benefits of Medupi by viewing males as the source of economic support. Prostitution was exacerbated by an estimated ratio of 1:9, currently estimated at 1:21 between men and women, an opinion held by interviewee (2017c). The situation is alarming for a country where only 17, 4% in the population have a medical aid insurance. Public health facilities in SA are already experiencing a high number of patients estimated at 71,4% in comparison to the private sector facilities that cater for only 27% of the population (Stats SA, 2017, 3). Government health spending is expected to increase in the future as the

health-related problems advance and become visible in Lephalale. HIV/AIDS in Lephalale and the mining town ought to be one area of future research.

3.6.7 Unemployable labourers

Mega-project development provides temporary employment opportunities as many remain unemployment on project completion (Gellert & Lynch, 2003, 16). Companies contracted for the construction of mega-projects often bring skills that are deemed to be unavailable for the projects. However, there is no guarantee of skills transfer. Medupi is a project and the construction is bound to end at some point. Downsizing means that some households will lose income and are likely to experience poverty, particularly if the major part of income was spent on food (Gumede, 2011, 249 citing USAID, 200). Government often initiates "training layoff schemes" to soften the impacts of anticipated retrenchments (Gumede, 2011, 253).

Eskom, on the other hand, initiated the Medupi Leadership Initiative (MLI) for the up-skilling of demobilised workers; citing Albert Pule (2014) who is writing for the *Vukuzenzela* newsletter. The goal is to ensure employment in the local, small, medium and micro enterprises (SMMEs). The interviewee (2017a) stated that it was noted that the training only takes place after the demobilisation process. The challenge is that entrepreneurship is not a skill for everyone as some former employees of Medupi remain unemployed or fail to initiate businesses.

However, conditions of unemployability could be an area of future research for Lephalale similar to many mining towns there is concern of the un-employability of the residents. The *Sowetan* journalist, Sibongile Mashaba (2016, 6) reflected on the views held by MACUA's Matthew Hlabane that individuals from mining towns often fail medical examinations due to the intensity of the air pollution that exist in the area of their residence. Skills acquired during a large part of their careers are not sustainable leaving most in poverty.

3.6.8 Psychological displacement

Whilst the municipal area of Lephalale is experiencing expansion, the community will be subjected to fatigue from massive and rapid infrastructure development. Of concern is that the community will have difficulty in assessing each and every assessment document proposing mining and energy development in Lephalale. The Scoping Report on the Social Impacts for the Eskom Landfill revealed that the community of Lephalale was already showing signs of stakeholder fatigue. The community is overwhelmed by the high number of environmental authorisation processes in pursuit of development (Aucamp & Aucamp, 2009, 5).

A large number of the Environmental Impact Assessment (EIA) documents were observed during a visit to the Lephalale Local Municipal Library on 01 and 02 March 2017. Whilst Lephalale is experiencing coal mining and energy growth, the local municipality does not have sufficient capacity to deal with the immenent development (Srk, 2013, Xviii). Some of the salient issues are not policy agenda issues in Lephalale.

3.7 Contested and non-contested policy issues

Pollution and the employment of the local population are issues of contention dominating the political arena of Lephalale whilst the challenges of water are not contested.

3.7.1 Environmental factors

Whilst the local structures mostly contest the socio-economic benefits of Lephalale, international organisations such as the Greenpeace Africa focus on ecological issues emanating from Medupi. The LLM like many states is not entirely responsible for the socio-economic and environmental impacts associated with development taking place in its area of jurisdiction. However, many states are mandated to regulate the side effects within their territorial boundaries (Greene, 1997, 320). Unless development addresses environmental impacts, there is concern that the future generation of Lephalale, particularly of Marapong will litigate mining and energy companies if environmental issues are not adequately addressed.

The 1960 Stockholm Conference created a legacy in putting environmental issues on the global agenda (Greene, 1997, 317) and has since impacted on the development agenda of many states including that of South Africa. The political environmental changes of many Organisation for Economic Cooperation and Development (OECD) countries are influenced, shaped and driven by green movements and green parties, particularly international organisations such as the Greenpeace, World Wildlife Fund, and Friends of the Earth established in the 1980s (Greene, 1997, 318).

Some of the international organisations work closely with the local environmental structures that have membership in Lephalale. Organisations such as the Waterberg Environmental Justice Forum (WEJF) and Mining-Affected Communities United in Action (MACUA) influence the environmental, mineral and energy issues through the Lephalale local media and the door-to-door campaigns (WEJF, 2017).

3.7.2 Economic factors

It is anticipated that one particular interest will dominate the agenda whilst other issues of priority generate into conflict between competing parties (Van Der Waldt, 2001, 139). The conflict is likely to worsen if the local population's view of self-entitlement to the socio-economic benefits is steadfast. The manifestation of such conflict has been observed in the continuous condemnation of Medupi contractors by Marapong Unemployment Forum (MUF) also known as Lephalale Unemployment Forum (LUF) for employing job seekers from outside Lephalale.

At some point, as articulated in the Action Voices Monitor, the community activists formed coalitions in which the Marapong Unemployment Forum, the local taxi association, Ellisras Local Taxi Association (ELTA) and the Waterberg Environmental Justice Forum (WEJF) planned a shutdown of the transport system of Lephalale on 02 November 2016 (Action Voices).

Coalitions are forged in pursuit of common interests. The shutdown was to ensure that the Ellisras Local Taxi Association minibus owners are given exclusive use of the road; a way to influence the economic benefit for the local people of Lephalale. The planned shutdown was followed by claims of improved relations between the community and the management of Medupi, articulated by Leoni Kruger the journalist of *Lephalale Mogol Post (*Kruger, 2017, 12). The Boraro Mmogo Investment (BMI), a company aligned to the Lephalale Taxi Association acquired 25% stake in the transportation of Medupi workers. The Boraro Mmogo Investment contract joined the Lowveld Bus Services in the subcontract to provide transportation services for the project labour to Medupi.

According to Shalate Thobane of *Ntshebele* local newspaper, the signing ceremony of Boraro Mmogo Investment was attended by various stakeholders including representatives of Medupi Power Station, the Lephalale Local Municipality, Lowveld Bus Services, Boraro Mmogo Investment, Mitsubishi Hitachi Power Systems Africa (MHPSA), Lephalale Youth Council and Traditional Leadership (2017; Kruger, 2017, 12, Thobane, 2016). It is anticipated that the other taxi associations will contest the Boraro Mmogo Investment in an attempt to influence commercial benefits from Medupi or other future development projects.

3.8 Non-contested issues

The availability of water and agriculture is excluded from the political arena.

3.8.1 Water shortage

Water availability is central to the fostering of any socio-economic development. South Africa is a dry country experiencing approximately 497mm rainfall per annum. According to Swilling (2010, 119), citing Turton (2008, 3), the country does not have surplus water for future economic development and social wellbeing. The water quality and quantity is not expected to improve due to the low rainfall and over-exploitation (Swilling, 2010, 120).

Water is communal and affects all the users. Government's intended objectives will remain non-implementable if the water availability and allocation is not addressed. Lephalale is expected to develop more than eight mines that are currently either in the scoping or public participation phase. There is an expectation of an increase in water usage from Mokolo River, the tributary to Limpopo River (LLM 2016–2017, 117).

The municipality's projected coal mining and energy development trajectory will create an expectation of progress in the livelihood of the community complemented by water demand an epicentre for development. The municipality intends investing in water infrastructure to counter the long-term implications of the proposed development (LLM, 2015-2016, 72). Although the development pathway requires additional water supply from Mogol and Limpopo Rivers, the issue of water supply is not central to the issues contested in Lephalale; instead economic benefits are still a priority to the locals (LDP 2015, 20).

Interviewee (2017b) who was interviewed on 15 March 2017 revealed that the weather of Lephalale has changed to become dryer. In the past Lephalale experienced sufficient rainfall to enable farming, however, the prospects of agricultural farming have declined. This is mainly due to skills shortages and non-prioritisation of training in agricultural farming. Whilst the water quality and quantity is an issue of future discourse, its scarcity is not isolated to Limpopo Province. Shortage of water for household consumption in Lephalale can be traced back to 2013 when the *Beat* newspaper published an article written by Lizzy Bapela.

In the article the DA Councillor, Steven Manamela, criticised the LLM for its failure to spend the Municipal Infrastructure Grant (MIG) for the financial year 2012/2013, while the residents of Marapong Township experienced water shortages for four months (Bapela, 2013). There are economic overheads associated with the lack of water as the community is expected to travel to adjacent villages to fetch water, buy or drill boreholes within the vicinity of their homes. The then municipal spokesperson Victor Monyepao stated that the

municipality established a task team to address the water challenge in Lephalale. Monyepao made an assurance that more water will be sourced from Phase 1 of MCWAP (Bapela, 2013). However, it emerged from interviewee (2017a), that MCWAP Phase 2 will be the source of additional water supply for the community, a project that is yet to resume.

According to the Government Communication and Information System's editor Elias Tibane and Malphia Honwane (2015, 432), the MCWAP involves the construction of the 46km pipeline and pump station from Mokolo dam to Lephalale. Water delivery was anticipated to take place by April 2013. Phase 1 was to ensure sufficient capacity for all the water requirements for Medupi and the associated developments, excluding water for the FGD. Phase 2 entails water abstraction from Crocodile West River to Lephalale area in sub phases, 2A and 2B.

According to the Creamer Media article published in the Engineering News (2010), "more than 300 million cubic metres a year of the Crocodile West River inflow originated from the treated effluent discharges such as the water-borne sewage treatment plant in Gauteng Province into the Crocodile, Jukskei, Hennops, Pienaars and Apies River" (*Engineering News*, 2010). Inadequacies in the water supply for the development were already pre-empted during the initial stages of the construction of Medupi, hence the government initiated MCWAP.

The LLM is responsible for the provision of water to the current and future consumers within its municipal jurisdiction. Mokolo Dam through Grootegeluk Coal Mine; the agent of the Department of Water Affairs provide the main water supply lines, pump station, balancing dam and water purification works to Lephalale. Eskom's Matimba is responsible for the provision of purified water to Marapong Township (LLM, 2015-2016, 72). The reality about the demand outpacing the supply is yet to be an issue of contention between the community of Lephalale and Eskom, if water shortage peaks to an intolerable level. There is disquiet over the municipality's capacity to manage contesting interests in response to the increasing socio-economic demands of Lephalale.

Any water shortage will be an obstacle to the possibility of future development, an influencer of employment opportunities. Behavioural change can exploit the following options;

- "Recycling of urban waste water; about 40 to 50% of household water is allocated for toilet use whilst flushing can be expedited from grey water flows;
- Rainwater harvesting and grey water for irrigation; and
- Fostering organic farming methods that are instrumental to rebuilding the biological capacity of soils and moisture retention capacity in the top layer" (Swilling, 2010, 120).

3.8.2 Distribution of water

Citing the DWAF (2005), the Environmental Impact Report (2006, 85) stipulates that 87% water is for agricultural use, 13% is for industrial, mining, power generation and domestic water supply service sectors i.e. municipalities. Mokolo's gross capacity was 146 million m³ with a firm yield of 27/1million m³/a, at 99, 5% (EIA, 2006, 86). It allocates 6.5 million m³/a, to Matimba; 5.6 million m³/a, to Grootegeluk coal mine and 3.9 million m³/a, and 10, 4 million m³/a, a lower level assurance (EIA, 2006, 86). The Water Irrigation Board allocation is 10, 4 million m³/a/annum and Kumba Resources Coal Mine allocation is 17,2 million m³/a/annum.

The latter allocates Lephalale Municipality, Marapong and 6.6 million m³/a/annum for Eskom Matimba (EIA, 2006, 86). Water distribution or allocation for Lephalale and the surrounding areas is based on the pre-1994 contract. The contract was drafted in a period when mining was the main economic activity of Lephalale. The agriculture sector similar to Exxaro is restricted to 10 million cubic metres from the total 27 million cubic meters held by Mokolo dam. The other 2 million is allocated to Eskom and 5 million cubic metres to the municipality. According to the interviewee (2017c), mining activities may not require the same amount of water due to technological advancement. According to the Environmental Impact Assessment Report,

water use for the construction of Medupi is acquired through a pipeline from Matimba in terms of Section 21, 40, 41 of the National Water Act 36 of 1998 (EIA, 2010, 30). The water supply to Marapong Township is threefold in excess of the licensed allocation, due to the influx of people into Lephalale.

Serious water challenges could emerge if Eskom expands its water usage for operational purposes. The local municipality is considering a long term plan and intends investing in water infrastructure to benefit the local township (Final IDP, 2015-2016, 72). This will only be achieved if the municipality improves the Municipal Infrastructure Grant spending and if there is improved rainfall. Investing in municipal infrastructure and development is difficult during project construction.

The influx of people for project labour is anticipated to be moderate on project completion. There are no water reserves once water has been allocated to the different sectors of the local economy and for household use. Water is not only meant for economic activities, however it should be considered that the anticipated urban development will intensify in response to the development and the influx of people will result in growth and increasing demand for human settlement. Tilden Hellyer an industry analyst in the Energy and Environment at Frost & Sullivan (2017, 14) advises on shielding the water resources through appropriate policies. However, the policies will not be implementable if the municipality does not yield any power over the distribution. South Africa is experiencing an increase in urban development focused on certain areas, mostly influenced by the availability of natural resources. Any growth is a pull factor for migration not just from the neighbouring towns but also from other parts of the African continent.

3.9 Agriculture and energy trade-off

The economic activities of Lephalale can be traced back to 1885 where the public lived and worked in salt pans for ten shillings per month in an area called Zoutpan. The salt pans were described as “99% sodium-chloride whilst the water holes were pure and sweet”. Religious and education services were the only social programmes provided within the community at that time

(Hunter, 2010, 195); pointing to the emergence of socio-economic development in Lephalale.

The economic pattern of Lephalale and the surrounding areas changed in the succeeding years. Agriculture became the largest employing sector at 38, 85% followed by community services at 15, 71% (LLM, 2015-2016, 12). The policy decision to construct Medupi power station on Naauwontkome farm in Lephalale was largely informed by 40% of South Africa's coal deposits found within the Waterberg District. The area's coal deposits hold 300 years of export potential (LLM, 2015-2016, 135; Eskom, 2010, 9).

Whilst Medupi and the coal expansion is expected to benefit the economy, the senior editor and chief correspondent of *Circle Blue*, Keith Schneider's (2016) critique of the power station as an "ambition of national aspiration in a water-scarce rangeland and inordinately expensive and technically complex confrontation between two centuries". There is a conviction that mega-projects benefit cities at the expense of the countryside (Gellert & Lynch, 2003, 19). Dissimilar to other past developments of Lephalale, notably Matimba and Exxaro; the construction of Medupi attracted unending criticism and writing from various structures such as the media and academia.

The municipality's IDP indicates mining expansion and construction of Medupi as the prime employer in Lephalale and therefore lies at the core of the local economic development (LLM 2015-2016, 130, LLM, 2016–2017, 113). However, the construction of Medupi is bound to end at some point and is already losing standing as the main contributor to the local growth. Lephalale typifies an area where the coal mining industry is advancing on the "best agricultural land", described by Sharife & Bond (2011, 288) citing *Business Live* (2011).

This view is also held by an interviewee (2017b) who describes Lephalale by an Afrikaans word the "platteland"; i.e. plain/flat land because it is natural and easy for farming. In addition, farmers in Lephalale will also lose on the forthcoming opportunity to trade internationally. Some of the farmers traded

agricultural land for mining and energy activities. Buyambo Mantashe of the China Agricultural University who is also a farmer in the Eastern Cape together with Bothlale Seagen wrote an article published in *The New Age Newspaper* (2017, 19) that farmers in South Africa will benefit from the government's announcement of the South Africa-China memorandum of understanding (MOU). The 24 February 2017 announcement of the MOU will enable an environment conducive to exposing the South African beef industry to this potentially lucrative international market considered to be "a rich man's meat" in China as articulated in *The New Age Newspaper* (2017, 19).

The shift in the economic activity of Lephalale from ecotourism and agriculture to coal mining was articulated in the Environmental Management Programme Report in preparation for the proposed Limpopo West Mine on behalf of Sasol Mining (Pty) Ltd by Srk Consulting (2013). Some of the land use will no longer be for cattle and game farming, but will be replaced with mining activities, given that the land use for development in Lephalale is dynamic and changing ownership rapidly.

For example, the farm earmarked for Limpopo West Mine situated at the Steenbokpan near Lephalale comprises "Welgelegen 228 LQ; Geelbekpan 226 LQ and portion of Japie 714 LQ/Hans 713LQ; Groenfontein 250LQ Rem and Portion 2; Motopi 705, Tambotievley 261LQ; Vlakforntein 264 LQ Rem and Portion 2, Gannavlakte 299 LQ, Ringbult 303 LQ Portions 4 and 5; Duikerontein 688 LQ; Grootwater 218 LQ" (Srk, 2013, vii).

Game farmers were anticipated to lose significantly since game is more profitable than agriculture (Srk, 2013, xvi). The Limpopo West Mine did not begin to operate in 2015 an articulation made in the article published by Valerie Cilliers, a journalist of *Northern News*, (2013). Water shortage will hamper any further development in Lephalale. The 10-year phase 1 project was anticipated to produce 400000 tons of coal with a capacity of 140 workers, whilst phase 2 depended on the availability of water sourced from phase 2 of Mokolo and Crocodile River (West) Water Augmentation Project (MCWAP), as well as on the domestic market for thermal coal (Cilliers, 2013).

The interviewee (2017a) revealed that farmers in Thabazimbi were concerned about the possible impact of MCWAP 2 on their irrigation. There is a perception that the acidic Hartebeespoort River will pollute the Crocodile River when it becomes the tributary; a water source in the area where cattle, game and crop farming is the main economic activity. The shift from agriculture and ecotourism to mining means loss of income and land for some farmers (Srk, 2013, vii). The coal mining are inherently displacing on the natural vegetation and the residential features.

3.10 Conclusion

Individual interest dominates; hence the focus of benefit is on the socio-economic factors rather than sustainability. The temporary economic boom will create mistrust between government and the locals in the realisation that it is not sustainable in the creation of employment and business opportunities. The protests in Lephalale expose a need to converse about the economic benefits of development. Lack of growth and employment create social tension and the public policy process becomes an arena of competition to influence the available limited resources (Parsons, 1999, xii). The post-apartheid South Africa was anticipated to be characterised by political unrest resulting from the economic conditions (Parsons, 1999, 18); an area that was overlooked.

The South African contestation is expected to last over a long period of time given that the post-apartheid government's hereditary was a society described in Parsons (1999, 13) as "highly politicised and unequal". Additionally, South Africa's ending of apartheid created an opening for globalisation (Parsons, 1999, xiii).

Business and labour shaped public policy during the inception of democracy, and there is an apparent shift displayed by the influence of global business. Business is interested in influencing the political system towards the implementation of social goals only in as far as it is affordable. As such, redefining social responsibility is becoming a necessary course of action in

democratic South Africa (Parsons, 1999, 5, 7). This is the situation particularly since community's expected benefit is often more than what is offered by companies.

The next chapter, titled the politics of development focuses on the model of conflict as well as the authoritative allocation of resources explained from the perspective of leaders and "patron-client networks" that assume power to the personal benefit of the few. In addition, the chapter explains the power relations in Lephalale learnt from the "extractive view of power". This concept was studied by Hodder-Williams in tropical Africa (1984, 95). The chapter is concluded by an explanation of the networks in Lephalale, perceptions of influence, political inactivity and the CSR.

Chapter 4: The Politics of Development

4.1 Introduction

Socio-economic impacts have a bearing on the living conditions of the community. Understanding an exercise of power provides perspective on how they are shaped within a society. Influenced by limited resources, decisions could endorse inequality and poverty. It is imperative to acquire knowledge of the circumstances that give rise to the socio-economic decisions. Domineering to the policy agenda are issues filtered through protests, coercion or construction of incentives (Shively, 1997, 6) mostly achieved through engagement, negotiations and submission of memorandums. First and foremost policy actors wish to influence the distribution of limited resources. Hence there is an uneven power relation between them. This idea of an unevenly distributed resources is borrowed from Ham and Hill (1993, 67) and Van der Waldt (2001, 142). It describes the configuration of power dictated by the "patron-client form of networks; the structure that directs the socio-economic impacts benefitting the elites (Hodder-Williams, 1984). It is acknowledged that limited resources create tensions between migrants and locals competing over limited resources and opportunities in Lephalale (Srk, 2013, xviii). This reality is associated with the mineral-energy environment and other developmental areas globally. Influencing decisions involves creation of "political relations, coalitions and conflicts amongst decision makers" as well as "individual personalities and agendas" (Howlett, *et al*, 2009, 21 citing Weiss (1977a, 1977b), Sabatier (1987) and Schulock (1991). Relations and incompatibilities exist during interactions of government and non-governmental structures. Coalitions are also created to neutralise or challenge the dominant views or the existing divergent views or networks, thus creating a fertile ground for conflicts. This view that the policy process is endorsed through conflict is held by Howlett *et al,* (2009, 27).

4.2 The model of conflict

The concept of conflicting interests is better described as an "organisation of production, distribution and consumption of wealth within a particular society mostly characterised by tensions between benefiting communities and companies i.e. "who gains, who loses and how" (Schoeman, 2006, 234). The German philosopher and the political economist Karl Marx with his friend and colleague Friedrich Engels classified the society into two groups of contenders of political and economic power. Over the years a class is created featured by ownership of the means of production (Howlett *et al*, 2009, 36). In the post-democratic South Africa the policies had to respond to the socio-economic conditions of the production owners brought about by the system designed to create separate development.

Employment and business opportunities are the means to improve the socio-economic condition of the people. Economic growth, employment and business benefits in Lephalale are sourced from the minerals and energy sectors. There is commotion to dominate the economic benefits that exist between organised structures in the mineral-energy area of Lephalale. These mostly impact on the functionality of the sectors meant to advance local economic growth.

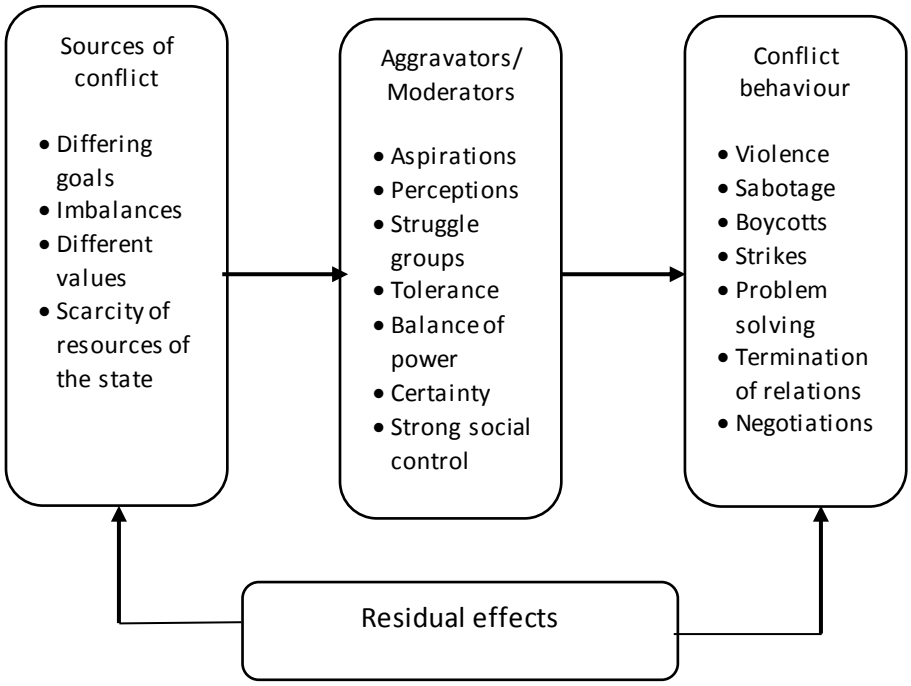
Short- and medium- term employment opportunities presented by Medupi and the resultant un-employability coupled by lack of specialised skills and appropriate education within Lephalale create an environment conducive for "agitational politics". The notion of "agitational politics" was studied by Hodder-Williams (1984, 92). It supports Harold Lasswell's renowned phrase of "who gets what, when and how", the driving force of disputes within societies. Agitational politics is common where limited resources are manipulated to the benefit of the elites (Hodder-Williams, 1984, 89). Conflict can be valuable to dishonest and unprincipled leaders that fear loss of political power.

It is noted that diversified "needs, values, abilities and attitudes" contribute to conflict when power is exercised (Van Der Waldt, 2001, 139). Community protests in Lephalale are featured by persistent demands for the employment

of the locals and confrontation between the community and the police. Media outlet *News24* provided coverage of Medupi's protracted and violent strikes as they became life threatening (Hartleb, 2015).

Destabilisation as an articulation of demands is not new to South Africa; it dominated the scene against apartheid. The pattern has since been widespread during societal unrests and was coupled by international sanctions, boycotts and disinvestment as the mechanism to influence negotiations between the former apartheid governing National Party (NP) and the then rebelling African National Congress (ANC). The corporate sector was instrumental in constructing an arena for the pre-democratic negotiations that substituted racial with economic class (Terreblanche, 2012, 12; Pilger, 2006, 258). It was during this process that corporate power secretly and publicly met with the ANC to secure white privilege (Pilger, 2006, 257). The private and public partnership model of development in the post-apartheid era legitimised corporate influence to the socio-economic setting.

The "model of political conflict" as presented in Van der Waldt (2001, 141) citing Anstey (1991, 14) stipulates the sequence of a conflict and its relation to the source. Linked to the sources of conflict are the aggravating circumstances that often lead to outcomes. The mobilisation of communities to protest for employment opportunities from Medupi is driven by a need to access the negotiating arena as the only known means to achieve political and economic power. Diagram A below outlines the model of conflict:



(Source: Van der Waldt, 2001, 141 citing Anstey, 1991, 14).

The model by Van der Waldt (2001) describes the most common sources of conflict, the aggravating factors as well as the outcome. Limited employment and business opportunities create tension in Lephalale. The methods of community mobilisation follow a similar pattern wherein the leaders engage the mayor before opting for violence as a bargaining tool. The violent articulation of demands is preceded by community meetings and engagements with relevant stakeholders (Berkhout & Handmaker, 2010, 7). It is becoming common to mobilise community needs in pursuit of self-serving interest.

Leaders earn status and power through political activity (Hodder-Williams (1984, 95). As such the contestation intensifies that protesting is occasionally organised to support the appointment of a leader of choice within a group. This type of contention for power is described in Ramphele (2012, 126), who states that “access to power, the tried and tested way to prosperity, is hotly contested”. Leadership contestation creates infighting within the ANC that has become visible to the outsider. Political leadership positions grant the bearer of power, control and authority over the limited resources. Additionally,

South Africa is following Western countries to offer the post-democratic elites "lucrative and highly regarded jobs" after the lapse of their term in the political office (Hodder-Williams (1984, 96). Like preceding leaders it is anticipated that the mayoral ship is a stepping stone for advancement to other senior positions in government or the business sector.

4.3 Authoritative allocation of resources

Instrumental to the political conflict is the notion of "authoritative allocation of values"described by David Easton (1956, 7) cited in Hodder-Williams (1984, 89) and Van der Waldt (2001, 142) quoting Kingdon (1991, 6). The interviewee believes that political players in the international arena yield more power over the socio-economic benefits of South Africans. Power is concentrated to the owners of production (2017c). The post-democratic South Africa is governed through a compromised economic policy that saw a shift from a socialist system to "America's neoliberal globalism and market fundamentalism" steered through "secret negotiations" between the business and ANC elites (Terreblanche, 2012, 63, 77). This was evident in the policy shift that took shape in the post-apartheid era when the ANC's distributive policy of the Reconstruction and Development Programme (RDP) was replaced by the Growth, Employment and Redistribution (GEAR); a programme created to stimulate the required growth in the economy and legitimised the interests of the "white elites and the emerging black elites" (Terreblanche, 2012).

According to Pilger (2012, 28), citing Bond in Talk Left, Walk Right (2006) made reference to Statistics South Africa, in the SA Transition (2001) and the Labour Force Survey of September (2001). There was an expectation that the wealth acquired through Black economic empowerment will "trickle down" to create employment to the majority of South Africans who are mostly Black. This economic shift has not been able to eradicate the socio-economic challenges of "poverty, unemployment and inequality" (Terreblanche, 2012, 66, 72; Schoeman, 2006, 297). Social problems are bound to continue as the elites perceive South Africa's labour to be "expensive in global terms but productivity is lower in comparison to wages, workers are not disciplined, the

trade union is politicised and tend to be more successful during wage negotiations" (Terreblanche, 2012, 77).

This is negating global investment and potential growth to the economy. Currently employment and business opportunities as well as the social security are the only viable buffer to the socio-economic development. Statistics SA (2017, 27) recorded an increase in the number of social security beneficiaries from 12, 7% in 2003 – 29, 9% in 2016. Household beneficiaries increased from 29, 9% - 44, 8% during the same period. An estimate of 37, 6% of the recipients resides in Limpopo Province in comparison to the 16, 9% resituated in the neighboring Gauteng Province. The majority of grant recipients are Black Africans at 32, 9% in comparison to the 27, 2% Coloured, 11, 5% Indians and 6, 2% Whites (Stats SA, 2017, 27, 28). The weakened economy will certainly escalate government's social welfare expenditure.

Terreblanche (2012, 73) citing Mamdani (2009) predicted that the social problems of "poverty, unemployment and inequality" will become severe if the corporate sector remains unaccountable for the crimes committed during the apartheid era. Corporations should accountable for the exploitation of Black labour and ecological damage (Terreblanche, 2012, 72). For many years the United States was successful in extracting other countries' wealth through their multinational corporations assisted from the "political and economic elites who act as intermediaries and collaborators for the global empires (Terreblanche, 2006, 28, 29). Bolstering the United States markets in some foreign countries was the pursuit of wealth through military means coupled by direct and indirect control of the host country (Terreblanche, 2006, 29 citing Colás & Saull, 2006, 1-8). This brings the notion that "government's authority is an empty legal (activity) (*de jure*) as well as the real (*de facto)* power", instead power lies elsewhere (Van der Waldt, 2001, 141).

There should be concerns about the absence of the socio-economic development that enable change to the livelihood of the people in the post-apartheid era. The article published in *Sowetan* states that vital organs of state, such as the Department of Mineral Resources (DMR) are seen to be

invisible in seeking corporate accountability from the big companies (Mashaba, 2016, 6).

The “arrangement of the production, distribution and consumption of wealth within a particular society” is fundamental to the restructuring of the socio-economic agenda created by the apartheid legacy (Schoeman, 2006, 295; Ramphele, 2012, 123). Therefore, government’s creation of an environment conducive to the distribution of wealth through job creation is fundamental to the eradication of the scourge of poverty, inequality and unemployment (Schoeman, 2006, 296). In pursuing their objectives, even Eskom objectives focus on the issues reflected by the national government’s agenda. This was articulated in Eskom’s presentation to the Parliamentary Portfolio Committee on Public Enterprise (2013); the Eskom’s Engineering, Procurement, Construction and Project Management Organisation which project manages Medupi and Kusile. Eskom’s plan was to provide jobs, training to the local labour and “incentivise industry partnerships” (Eskom, 2013).

The real consequences of ‘neo-liberalism’ cannot be diverted forever as they facilitate skills importation for complex and complicated technology required for projects like Medupi. Furthermore, the CSR programmes cannot be used to cushion for the non-distribution of wealth. CSR programmes are minimally funded and only benefits a small fraction of the population.

4.4 Power relations of Lephalale

The economy is faced with the demands to create employment and to address the “socio-economic backlogs” (Ahwireng-Obeng, 1999, 259). Whilst there is legitimacy in the demand for employment, private interests often mingle and meddle with lawful socio-economic demands to redirect wealth to specific beneficiaries. This is mainly due to the limited resources and the local economy that are unable to create employment as well as business opportunities for all the people willing to work.

Conflict can become a means of survival particularly in poverty-stricken areas. This is common in areas where “political action is essential for economic

advancement and in some cases for economic survival" (Hodder-Williams, 1984, 93). This analysis is borrowed from the "extractive view of political power" articulated by Hodder-Williams (1984, 97) in the study conducted on countries in tropical Africa. The notion held by Hodder-Williams (1984) displays the characteristics of power relations manifesting in Lephalale. Accordingly, acquisition and preservation of advantage over the limited resources requires substantial political effort (Hodder-Williams, 1984, 92, 97). In Lephalale informal structures organised themselves to contend for recognition to legitimise their interests.

The political culture is adopted in which many African countries utilise the "political power as license to advance economic self-interest" Hodder-Williams (1984, 97). This idea stems from the perception that any political leader who controls the administration of government, can simply control and influence resources to the benefit of the locals. The control over the economic means of survival is influenced through recruitment of preferential candidates as well as the allocation of preferred businesses, the only current available means to the socio-economic development. The ANC's use of state resources as the source of patronage to benefit loyal and worthy members is a countrywide phenomenon. According to Ramphele (2012, 7, 128) the system of patronage encompass politicians, their associates, legislators and public servants.
The practice to a large extent is indirectly influenced by the business sector as well as groups with similar interests. In the analysis of South Africa's education crisis Ramphele (2012, 146) concluded that ANC membership does not guarantee opportunities in the public sector, instead proximity to power does, as determined by the "right people as well as the right faction".

Therefore, conflict in Lephalale is a contest amongst aspirant leaders vying for recognition and political power and control. It is anticipated that the future political leaders of Lephalale will emanate from the local structures competing for community recognition and acceptance. Leadership in Lephalale wields power over the "social license to operate", an instrument of collaboration between Eskom and the local community Aucamp and Aucamp (2009, 6). The wavering rules over social license set by traditional leadership structures

create complexity on the developmental projects due to the power possessed over land ownership. South Africa needs to create conditions where politics and traditional leadership seamlessly coexist to the benefit of the population.

Apart from the political structures competing for political power, organised structures that exist in Lephalale are blamed for being aligned to leaders. The Marapong Unemployment Forum (MUF) and the Lephalale Youth Council (LYC) have been contending for recognition and support from the community. The Lephalale Youth Council has been accused of influencing and protecting the Municipal Manager's vested interest in privatising the municipality to the benefit of Lephalale Development Forum. The Lephalale Youth Council openly defended the relationship between LLM, Exxaro, Eskom and Lephalale Development Forum as far back as 2013 (Ntshebele, 2013).

An interviewee perceives the Lephalale Development Forum (LDF) to be privy to the future development projects in the area (2017b). The Lephalale Development Forum is an organised structure comprising of big role players such as Eskom, Sasol, Boikarabelo Coal Mine, the local municipality. Eskom through Lephalale Development Forum plays an up-skilling role by providing bursaries to the local Technical and Vocational Education and Training (TVET) institution (2017a). Inroads could emerge in the future if anticipated development brought very minimal socio-economic benefits to some members who are not participants within the Lephalale Development Forum. Lephalale Development Forum is perceived to be an organised structure serving the interests of the select group, they do not have relations with Black-owned businesses (2017b).

The mayor of Lephalale was instrumental in facilitating the meeting between the Lephalale Business Forum (LBF) following the protracted marches against the Eskom management in Medupi. In that case the mayoral position provides stature and power to areas of economic development. Leadership organised marches to make legitimate demands whilst the hidden agenda is to acquire recognition as they aspire for positions of influence in politics and later government. Once the leadership is in political power they sometimes swap

positions to become the beneficiaries of affirmative action contracts and the distributor to key positions.

This practice is not isolated to Lephalale but has been prevalent since the dawn of democracy. In summary, this practice is beneficial to the “struggle aristocrats” Pilger’s (2012, 276). As mentioned previously, the “extractive view of politics” stipulated by Hodder-Williams (1984) is influenced by the beneficiaries of the economy, and will therefore create generational unemployment and poverty to those not privy to the privileges of social and political associations. Conflict between the locals and the profiteering multinational companies will continue in pursuit of the beliefs and tradition against multinationals aimed at power, profits and natural resources (Perkins, 2004, xvi).

4.5 Networks in Lephalale

Most of the community structures developing are what Hodder-Williams, 1984, 92) describe as “patron-client networks”. Institutions of state provide tools that can be used to the benefit of some groups whilst others do not acquire similar recognition. For example, the Communication Manager of the Lephalale Local Municipality website is in favour of certain local news, such as the visits by the African Development Bank (AFDB) to Medupi (LLM, 2017(b), 1). News dispatched also includes the Shangoane Concerned Group that threatened to shut down all projects in Lephalale because they are not prioritised for job opportunities and SMME empowerment.

The demands made by the group are mainly directed at Eskom’s Medupi, Matimba, Lowveld Bus Services and Exxaro. Demands include skills development, CSR, demands for land to address economic transformation, contributions to the Mayoral Bursary Fund, a demand for Wi-Fi access in all secondary schools, scholar transport where it is required, free sanitary towels for disadvantaged female learners and investigation of SRC elections. In response, the mayor promised to establish a task team and blamed non-employment of the locals on the use of labour brokers by various companies

in Lephalale (LLM, 2017(a), 1). The demands made could be reasonably met by self-sufficient individuals.

The Communications Manager, Conscious Chiloane issued a media statement in which the Mayor commended the legality and non-violent protest by the Progressive Youth Alliance (LLM, 2017, 1). However, though the Marapong Unemployment Forum handed the memorandum of demands to the municipality, the institution did not, through its Communication Manager, issue a media statement regarding the submission.

Most of the demands are similar to the demands made by the Shangoane Concerned Group. Institutions of government are therefore likely to be influenced to the benefit of some groups to the disadvantage of others. It is noted that limited business and employment opportunities restrict access to resources and therefore benefits the few. This notion of political influence as used by the elites to retain the status quo and to advance the privileged group was stipulated by Hodder-Williams (1984, 94). Decisions are made on the issues that will be covered through communication apparatuses and as some issues will not form part of the deliberations.

4.6 Perceptions of political influence

Irrespective of the perception held about a leader or an organisation, the voters continue to legitimise their authority by voting them back to power. The *Capricorn Voice* supported by the interviewee the Mayor of Lephalale, launched the Bulk Recruitment Programme to support employment opportunities for projects such as Medupi; however, the programme is alleged to be benefitting allies (Mabeba, 2016, 2017a).

The Mayor's interference in the bulk recruitment process of the coal mines and the power stations was contested by the Lephalale Unemployment Forum during a protest in October 2016 (Ackroyd, 2016). Leadership's role is an endowment for power and influence. As such divergent power relations became the highlight of Medupi construction. Although there is no substantial evidence to prove interference, the DA ward councillor of Marapong instead

raised concerns about the interference from the community-led steering committees that appoint community liaison officers for projects.

Hodder-Williams (1984, 98) citing Chinua Achebe's (1966) in the novel "A Man of the People", illustrates the perception of political influence in which a corrupt minister is re-elected as perceived to be in control of positions and financial resources. Due to the political interference nepotism dominates, enhancing tribalism. Many African states have long been blamed for using state resources to preserve the positions of power (Hodder-Williams, 1984, 95). Proving such allegations is often difficult as it requires intensive investigations into beneficiaries of state resources.

4.7 Political inactivity

Some issues are not contested because there is no political activity prioritising those issues. In most cases unresolved issues emerge and require intervention. Social security is still the buffer for the South African government; hence more pressing issues like water and food security are still not dominating the policy arena. However, there is mounting pressure emanating from informal structures that are getting organised to influence decisions from the activities of the private sector, whilst demanding accountability from the public sector. The MACUA and Mejcon-SA articulated the socio-economic challenges faced by the mining communities during the HRC hearing in 2016 (Mashaba, 2016, 6). Those contesting have gone to the plateau of global social justice such as such as Earthlife and Groundwork, and mobilisation is also rising from the locals.

The reality is that "governments generate their own interests", and in that only certain issues form part of deliberations (Van der Waldt, 2001, 139). Lephalale Local Municipality is instrumental in mobilising bias by ensuring that only certain issues form part of the political discussions. The Mayor co-opted private company stakeholders; an arena used to address issues of economic significance as well as hosting the SMMEs information session between Eskom, Medupi, Matimba and Boikarabelo Coal Mine to forge working relations with the emerging entrepreneurs of Lephalale (Mogol Post, 2016,

21). However, due to limited resources and capacity, some individuals will feel excluded. The local newspaper focuses on issues of local economy particularly entrepreneurship and corporate social responsibilities:

- Cooperation between the municipality and the Department of Social Development on food parcel donations in Shongoane village.
- The public relations articles on a B-BBEE empowerment transport contract between Medupi and Boraro Mmmogo Investment (BMI) minibus taxi operators (Mogol Post, 2016, 20; Kruger, 2016, 12).
- Media coverage of Exxaro's road awareness campaigns (Wells, 2016, 20); Ecological issues do not often dominate the local media agenda.

The speech by former President Jacob Zuma during the official opening of Unit 6 specified the socio-economic developments brought by Medupi to Lephalale. The development harnesses employment and business opportunities, particularly for the locals. In addition, the President pronounced skills transfer to boiler makers, coded welders as part of the contractual obligation (The Presidency, 2015). Speeches and media can be used to mobilise bias to the advantage of decision makers.

There are improved relations between Lephalale Local Municipality and Medupi. Personality is perceived to be playing a role in the exercise of power. The interviewee (2017c) believed that the former Project Coordinator Robin Cooke of Medupi was unwilling to engage with the local structures; however the engagements have improved since the appointment of Phillip Dukashe, the present Project Coordinator of Medupi.

However, the involvement of the ANC through its 25% stake in Chancellor House limits municipal engagement. Chancellor House is the investment arm of the ANC with focus on mining investment, logistics and infrastructure development (Ramphele, 2012, 9). In conclusion, municipalities have limits with regard to the regulation and monitoring of major energy and mining project in Lephalale. Instead, their role is to cater for any displacement associated with mega-project developments. Whilst participation generates

varying perspective, it is an outcome of powerful interest groups and some do not have an understanding of the real challenges facing the public (Howlett *et al,* 2009, 29).

4.8 Corporate Social Responsibility

In untangling Lephalale's socio-economic condition, attention is placed on the description of South Africa's growth articulated by Bond (nd, 2) citing Bond (2005), Pilger (2006) and Klein (2007); that growth is characterised as a "low-growth, high poverty, unemployment ridden, unequal, capital-flight prone, volatile, vulnerable, elite-oriented economy, whose gains appear as temporarily restored profitability for big capital corporations and consumption-binged credit saturated middle- class". Like many corporations, Eskom is caught up in the debate involving the role of corporations in generating wealth for its owners against the role of contributing to the "well-being of the stakeholders".

As such corporations are increasingly becoming interested in the legal constitution, its social responsibilities to the society, protection of the environment and the constituencies to which it accounts (Dunphy, Griffiths & Benn (2007, 7). An area significant to this study is held by Fig (2007, 9) with specific reference to stakeholder relation, particularly the extent of influence to the social benefit. Project developers have an opportunity to develop or up-skill an area where they benefit or extract resources.

This is often conceded through CSR or CSI philanthropic. Social responsibility is viewed as the posture a firm takes in its attitudes, policies and actions with respect to the duties, obligations and expectations for which society believes the business should be held accountable in the conduct of its affairs or pursuit of its purpose" (Montanari, *et al*, 1990, 362).

Most companies nowadays put emphasis on the development of corporate social responsibility strategy, to shape their intended contribution to sustainable development (Hamann, Kapelus & Ndlovu, 2010, 49 & 50).

However, until the implementation of CSR is mandatory the application may not receive the required consideration from profit-making corporations. Solution to underdevelopment lies in emerging global influence to public policy making as a consequence to unregulated corporate power Bond (nd, 3).

Corporates' claim of consideration for local poverty, disparities, and environmental factors is viewed with suspicion because of the trade-offs made by the local communities to cater for the development (Pilger, 2006; Klein, 2007 in Bond, nd, 2). An example is water trade-offs made to pursue development of the coal mining for export and mineral production. The concept of CSR was not commonly used in the 1920s to the 1980s. However, authors cited in Montanari, Morgan & Bracker (1990, 362) revealed that there was a debate about the responsibility of business towards the community.

Sheldon (1920s) believed that the key responsibility of management in an organisation was to provide service to the society and community, while Levitt (1950s) warned against the social programmes due to the business values likely to dominate in society. The notion by Levitt was rejected by Henry Ford in the 1960s who believed that business focus should be on the provision of assistance to those who were at a more disadvantaged and assisting with environmental harm (Montanari, Morgan & Bracker, 1990. 362).

The CSR was also motivated through the global arena in the 1970s and 1980s when the Sullivan Principles provided guidelines in 1977. The purpose of the guidelines pursued human rights values through the discouragement of discriminating labour practices in South Africa (Hamann, Kapelus & Ndlovu, 2010. 55). Public and private collaborations are faced with a number of challenges, because the level of unemployment is still a major problem in SA, particularly amongst the youth and millions of people who continue to live in poverty.

When development takes place in areas involving the construction of infrastructures like Eskom's Medupi, the community anticipates employment

opportunities and better living conditions (NPC, 2011, 1). According to Rockey (2002, 8), “Corporate-community development” should not be viewed as replacements for the role and responsibility of government; hence, the private sector has leverage to contribute within its available resources and expertise. In the past big corporations that engaged in social responsibility did not change their focus of profit making. Some states in developing countries were faced with the challenge of big corporations that succeed economically, whilst the state was unable to provide the minimum services and failed to regulate the activities of corporations (UNRISD, 2000, 77). The editor of *Trialogue* publication, Vanessa Rockey (2002, xiv), described corporate social investment as “new and innovative ways of tackling development”. Therefore CSR should be regulated to ensure that the socio-economic conditions of the local population benefit from the business activities in their location.

Dunphy, *et al (*2007, 81) describe the following as some of the reasons binding business to comply with government regulations:

- The emergence of widespread and increasing government regulations.
- Widespread increase in scrutiny by non-governmental organisations.
- Public access to information technology and the risks to corporate reputation about public perception of poor corporate citizenship.
- Compliance has a potential to improve the company’s competitive situation.
- The benefits of building a cooperative relationship with regulators.
- The cost of delaying compliance, particularly to environmental factors could be high for the company; demanding a proactive approach.

Regulation is a necessity to prevent the use of CSR programmes as an enhancement of the corporate image of companies (Pearce & Robinson, 2003, 6; Hague and Harrop, 2007, 379); rather than an advancement of the socio-economic development.

Corporations are increasingly pressured to advance the interest of their operations to the benefit of the citizens. Nkabinde (2017, 56) articulates on the various movements that build awareness and rally for disinvestment in

fossil fuel to motivate for the replacement technologies in energy production. The Fossil Free South Africa movement invested R1million for the crowd-funding campaign against fossil fuel in South Africa. An initiative to advance the agenda is blended in the annual “Global Disinvestment Mobilisation” between 5-13 May (year?). Nkabinde citing 350.org (2017, 57) 11% of the water is consumed by the coal-mining sector. An anticipated growth in renewable energy has motivated investor activism to garner a quick response and a shift from generation through fossil fuel to renewables. Nkabinde citing Chris Breden (2017, 57) considering the cost of carbon taxes associated with fossil fuels, stated that renewables are perceived to be cost-effective for energy production.

Growing knowledge on the socio-economic injustices toward the communities requires a proactive and equally knowledgeable and responsive public and private sector. Investor activism is slowly transforming the private sector outlook to become a receptive sector that is conscious of the socio-economic needs of the communities. Global companies should see themselves as part of the communities they operate in rather than as contributors of a small fraction of their profits through CSR and CSI. Global companies’ operations and future survival will depend on relations created and communities’ perception of the companies.

Skills are evolving and changing to cater for the future human resource needs. MLI training by Eskom does not take into consideration the slowing of economic growth of Lephalale; hence many contract workers will remain unemployed beyond the up-skilling. The skills that will be required in the future should be informed by the anticipated development agenda in the coal mines; construction sector to cater for the anticipated special economic zone of Lephalale.

The skills requirements will genuinely need to understand the health implication of the current and future development needs of Lephalale. Activism will in future question the corporates that establish a CSR programme to address HIV/AIDS ailment, rather than addressing the solitary

same gender accommodation mainly for men in comparison to a family set-up type of shelter for the executives. Solitary same gender accommodations encourage HIV/AIDS transmission. Investor activism is already questioning corporations' promise of employment, particularly for the youth and women. Investors will in future explain the lack of wealth distribution to the local communities in areas that are richly endowed with natural resources and those considered to be the nodal points of economic growth.

The description of CSR is articulated in Hamann, Kapelus & Ndlovu (2010, 49), who cited the definition of Bowen in the book quoted by Carroll (1999) "as the obligation of businessman to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society". CSR programmes are incorporated into the company strategy and a plan is provided on the formulation and implementation of the company's objectives including interaction with external environment (Pearce & Robinson, 2003, 3).

Most of the definitions on CSR are focused on accountability of business to the society it serves (Montanari *et al*, 1990, 365); however, not much can be said about the sustainability of CSR on the community. Blowfield and Frynas (2006, 503) in Fig (2007, 9) described the concept from an environmental perspective, termed the Corporate Social Environmental Responsibility (CSER) as an acknowledgement of responsibilities that companies' operations have on societies, the natural environment and other businesses who do business with them. Companies also have a responsibility to ensure good stakeholder relations, particularly with the communities. As the proponent of environmental responsibility, Fig (2007, 8) uses the concept CSER, and criticises South African companies that prefer to use the term CSI.

4.9 Conclusion

The power to influence decisions is dominated by proximity to authoritative leadership; in that way the notion of elitisms becomes a normalcy. Power is concentrated in the hands of the leader who is given authority over the allocation of resources. However, the authority is often manipulated by

leaders who advance self-interest. They create a condition for the establishment of self-serving networks at the expense of the majority of communities who are commonly subjected to poor living conditions. The Mayor who began his tenure in 2012 was accused of interference in the recruitment process of development projects through the bulk recruitment desk. The Mayor's influence on opportunities has since been contested by local structures such as the Marapong Unemployment Forum (MUF) also known as Lephalale Unemployment Forum (LUF). As stated the political leadership is the arbiter for the authoritative allocation of resources. Government's authority is empty if manipulated. Weak and ineffective authority cannot guarantee "trickle down" of wealth needed to eradicate poverty, unemployment and ensure sustainability. In as much as the Mayor is accused of using the position of power to reserve positions for those associated with the ruling party some business forums are perceived to advantage from coalition with the corporate sector in Lephalale. Unlike the Lephalale Business Chamber, the Lephalale Development Forum benefit from its relations with big business such Eskom, Sasol, Boikarabelo Coal Mine and the local municipality. Though, corporations are showing increasing interest in social responsibility the CSR continue to be a safeguard for communities that are rebelling against the unintended consequences of development. CSR should not be viewed as a choice but a commitment, and should not be a replacement of government service delivery, particularly the local municipality. CSR necessitate binding and mandatory policy intervention.

The next chapter is an overview of the findings, recommendations and conclusion.

Chapter 5: Findings, Recommendations and Conclusion

The previous chapter discussed the politics of development and the players who possess most of the power. This chapter presents the findings and recommendations of the study. It also concludes the study.

5.1 Findings and recommendations

- The national government pronounced Medupi as a source of employment for the local communities; therefore communities perceive government projects as a source of economic development. There is a sense of self-entitlement for opportunities from the local communities articulated by the national government. Subdivision and more protests could intensify as more people feel inclined to benefit from the development taking place in Lephalale. However, Medupi is contracted to multinational corporations that hold more power over labour. Thus, they have a competitive advantage over the allocation and distribution of employment and business benefits. The companies therefore hold power over the allocation of resources.
- The endless conflict and campaigns displayed by the community of Lephalale provides a basis to study how policy issues can be generated and placed on policy agenda within the local sphere of government.
- Unpacking the various dimensions of power, there is a manifestation of the "extractive view of power" in Lephalale displayed by claims of influence over the allocation of limited resources. Protests are used as bargaining tools to negotiate for access to the arena. This notion of political influence is used by the elites to retain the *status quo* and to advance the privileged group. In addition, the business sector is also organised to grasp opportunities and extract maximum benefits.
- Political power has become a source of stature and influence and a means through which business and employment opportunities are distributed. In that regard the socio-economic benefits will continue to dominate the arena rather than the more pressing issues such as water shortage that requires immediate attention.

- The Lephalale Local Municipality through the Mayor plays an intermediary role representing community interests. As such, the Mayor is perceived to be using the position of influence to drive the socio-economic benefactors through recruitment and business opportunities. The Mayor is the link between the communities and development conglomerates.
- Power is derived from attaining access to the political system and there is competition to attain the political power. Citing Irin (2008), Bond (nd, 5) contesting the corporate powers in trade battles has become the means for survival both economically and politically.

- The Lephalale Local Municipality's authority over activities of Medupi and the mining expansion in Lephalale are limited; the areas of development are bestowed upon the national government departments.
- Elitism has become the most prominent and acceptable practice in the dwindling resource allocation. However, the situation is not isolated to South Africa; the CEO of business consultancy Africa @ Work, Dianna Games published an opinion article in the *Business Day* (2017, 7) about the management of the new normal; the dysfunctionality of African economies.
- Games attributes the dysfunctionality to "poor leadership, weak institutions and the emergence of the culture of impunity; forged by political neglect and vested interests" as the norm. The reparation of these aspects requires a long and costly intervention and a reflective stance from those holding and vying for leadership in both the public and the private sector.
- Co-optation of organised structure or individuals with influence prevents some issues from entering the political system. For example, during the water shortage crisis the municipality co-opted the task team to deal with the water challenge of Lephalale. Although the discourse is emerging; the environmental issues are still a non-issues for the population of Lephalale and have not received any significant attention.
- Private interests influence the conflict about the economic benefits from Medupi. The communities are driven by a need to benefit individually from wages, whilst corporates' intention is to maximise profits. Contending actors

often compete with the aim of accessing an arena for the deliberation of economic benefits rather than the interests of the public.

- Private interests surpass public interests. The presence of ANC led Chancellor House describes the nature of elitism created through private and public partnerships.
- Corporates are perceived to have the financial and legal power to direct decisions to their benefit. Eskom's financial power enables it to transact with resisting individuals (2017a).
- The socio-economic agenda is influenced from the ranks of dominant leaders who yield power over vulnerable community members. There is a power relation over the actors in business, politics and government. The relations between individuals in the mentioned sectors seek to influence the allocation of resources. However, there are limitations driven by an indistinguishable hidden agenda of private interests and the will for individual gain.
- South Africa's literacy level and knowledge is a limitation in the decision-making arena. Exemplary, constructive public participation in decisions involving the coal and energy requires input from community members who are knowledgeable about the sector. The language used also deprives many locals of the 'right to participate'. Participation should not only be viewed by attendance, but by the authority and value of contributions made.
- There is concern that the excavation of coal will not protect the trade-offs to cater for the future generation. Government should therefore, develop a 100-year reviewable plan for the mineral-energy development of the Waterberg area. The approach is already applied in the energy sector, where the energy mix is projected according to future demands.
- The infrastructure development projects do not prevent long-term unemployment in Lephalale and therefore the living conditions will be impacted upon as the project is unsustainable. Any future socio-economic impact should first consider the impact of the intended development on the living conditions of ordinary people within the communities.
- CSR is not sufficient to address the socio-economic and ecological suffering that communities are subjected to. A self-assuring development should be characterised by self-sufficiency.

- The CSR continues to be used by the business sector as a means to profit in an unstable environment and to silence individuals who play key roles. Companies such as Eskom Medupi and Matimba, Exxaro's contribution should be based on company turnover. Whilst the communities demand to be uplifted there is no clarity on whether communities possess the skills to manage those operations.
- Voluntary accountability through CSR can easily fuel dissatisfaction from communities towards companies (Fig, 2007, 6). Instead, accountability by the business sector has not been solid and sound because of the strong link that exists between the politicians and the private sector in South Africa (Fig, 2007, 9).
- Integrity of the consultation and public participation. As mentioned in the first chapter, farmers in Lephalale do not maintain the momentum to produce agriculturally and soon farming will be surpassed by mining. Vested interests and association between the ANC and the mineral and energy players restrict impartial participation in the decision arena. The bureaucrats in the Lephalale Local Municipality, local farmers, NGOs and community members are the most affected.
- Those holding political authority still have to appease the community by articulating the posture appearing to be beneficial to the community. The citizens can vote out of power any government that is not beneficial to its citizens.
- Poverty creates a pressing need for survival rather than generating sustainability for future generations. Conflict can only be minimised through economic development or growth. Whilst a stable environment creates an investor friendly environment for the private sector (Parsons, 1999, 3), the local communities need to benefit from the growth.
- Financial commitment to the CSR programmes exhibits a sense of social responsibility from the corporations where businesses operate. Social responsibility is viewed "as the posture a firm takes in its attitudes, policies and actions with respect to the duties, obligations and expectations for which society believes the business should be held accountable in the conduct of its

affairs or pursuit of its purpose" (Montanari et al, 1990, 362). Lack of a binding CSR legislation denotes that corporations can renege without consequence.

- Sustainability should determine the effectiveness of any CSR programme if legislated. For example, the Barloworld group made a commitment to contribute the company's net profit after tax to corporate social investment in the next five years in line with international best practice. The company was reported to have spent a substantial R41 million on "social economic development in support of B-BBEE in SA (Tulleken, 2014, 19).
- According to the NDP 2013 and the LDP 2015 - 2019 Lephalale is the future nodal point of development. Therefore, capacity building by means of education should up-skill the community with skills aligned to future development initiatives. However, monitoring of this intervention will depend on government's available capacity and willingness to monitor the education system and skills transfer where importation has been the norm over the years. Monitoring and Evaluation can play an active role in ensuring that skills are transferred to the locals to cater for future development.
- Whilst other forms of infrastructure like sporting mega infrastructure provide long term benefits after the hosting of mega-events, the mineral-energy infrastructure does not provide a similar benefit after its life span. For example, consensus is reached on the establishment of "multifunctional and multi-purpose competition venues to expedite community sport usage or tourism" (Cornelissen, 2010, 98 citing Higham, 2005). It will be challenging to reach a typical stance after the lifespan of the mineral-energy environment created in Lephalale.
- The Lephalale Municipality does not have any specific programme to address all the socio-economic impacts associated with Medupi or other future development projects. It is necessary for the municipality to develop such plans with the assistance of the national government.

It is recommended that:

- The Lephalale Local Municipality mostly addresses the symptoms of development taking place in Lephalale. An effective socio-economic plan by the municipality can only be addressed if the ecological costs of Medupi and

the resultant development activities are identified. The cost should take into account the current mineral-energy set-up i.e. Matimba and Exxaro, Boikarabelo and other related expansion in the pipeline. In that way development will be viewed in an integrated way between the mineral-energy and agricultural sector. Any integrated development should consider the importance of human settlement, the cornerstone of any development process.

- Political leadership position should consider regulating the minimum educational qualification required. Decisions made by the leadership impact on the socio-economic conditions of many people, particularly those living in poverty. Development is only achievable if it conforms to the "social values and institutions" (Mbaiwa, 2003, 448).
- It is therefore up to those in leadership to ensure that the policies and practice safeguard the interest of future generations.
- Effective government institutions with willingness to account will enhance confidence and trust between the national and local government level with the business sector and the local communities of Lephalale.
- Whilst the construction cultivates negative perceptions there should be concern about the arrangements of the production with regard to the maintenance of Medupi. Building a sense of ownership amongst the locals is likely to build a relation of trust between the locals and Eskom.
- Small--scale energy development plans could prevent corruption, overspending, delays in the project and social instability within Lephalale. However, monitoring and securing such facilities could be a dreary exercise for the state. However, privately owned facilities can be secured by the business sector.
- The role of the Department of Planning, Monitoring and Evaluation within the Presidency should play an active role to ensure an integrated as well as sustainable development. Projects should be sequentially planned to ensure continuous employment and improvement in the living conditions.
- In order to address the skills shortage required for the complex infrastructure development, Eskom opted for public-private partnerships in the construction of Medupi. However, the delays, cost overrides and corruption are not

reflective of a controlled environment. Accountability and effective controls are recommended on future government projects in South Africa.

- Intensify skills transfer and education in sectors critical to capacitate the economic development. There is a belief that training funds can mentor a local person to occupy a key position of power station manager.
- There is a need to regulate the existence of organised structure to avoid any possible exploitation of the community by individuals who seek power for self-serving purposes. Business and employment are currently the potential areas of economic benefit that are viable to uplift the standard of living.
- Eskom articulates conflicting message to the public. Whilst the entity claims that its energy generation can produce sufficient power, the present insufficient power generation is the basis for continuing with the project. Honesty is the basis for the creation of trust between Eskom and the local community. Eskom has been entrusted with the responsibility to monitor risks associated with the development of Medupi and to inform the community of Lephalale of the associated risks.

5.2 Conclusion

In conclusion, the study identified the dominant issues of Lephalale and the reason why some issues dominate the policy arena whilst others are overlooked. It is evident from the study that the economic deliberations that heralded the ANC's socialist stance of a "neoliberal globalism" approach prior to democracy are not complete.

In the hype of development that is taking place in Lephalale, the community remains resolute in their demand for employment and business opportunities rather than an all-inclusive approach that considers the future demand of water consumption in view of the anticipated development. Lephalale is a developmental nodal point in the province. Education should develop the technical skills that will be required to advance projects and socio-economic conditions of the locals.

The education of locals should advance and nurture the skills that will be required to advance the growth objectives anticipated in the NDP Vision 2030. There is latitude for misapplication and non-commitment of the corporate social responsibility as multinationals' focus is profit driven rather than focused on the advancement of the people. There is no legislation compelling the companies to improve the living conditions of their surrounding areas, and therefore corporate social responsibility is not mandatory and the value contributed is by choice.

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