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The Socio-Economic Impacts of Medupi Power Station on Lephalale

Thembi Nyembe

Research Report

Submitted in partial fulfilment of the requirements for the degree of

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 degree 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 minerals-energy complex development has generated divergent interests between profit-making entities and the communities rebelling for a stake in the economic benefits of the rural town of Lephalale in Limpopo Province. The expanding minerals-energy complex in Lephalale is attractive to major domestic and global corporations. However, the Lephalale Local Municipal authority is proving to be powerless to deal with the socio-economic challenges set off by the investment. Eskom's corporate social responsibility/investment is inadequate to deal with the socio-economically and ecologically-subjugated communities, which along with workers occasionally resort to violent protest. This case site allows exploration of a contrasting "post-positivist approach" which acknowledges the vital role of conflict and political actors in public policy and project implementation. It further explores the "positivist approach" which leads some to consider markets as the most effective means for social decisions, hence a reliance on Eskom's corporate investments to offset damages. This qualitative research employs primary and secondary documents as well as interviews to describe the socio-economic impacts of Eskom's Medupi Power Station on Lephalale.

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ABBREVIATIONS

ADB	African Development Bank
ANC	African National Congress
B-BBEE	Broad-Based Black Economic Empowerment
BCAWU	Building Construction and Allied Workers Union
BMI	Boraro Mmogo Investment
BOFE	Business Opportunities and Franchise Exco
CBD	Central Business District
CEA (SA)	Construction Engineering Association of South Africa
CER	Centre for Environmental Rights
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CSP	Concentrated Solar Power
CSR	Corporate Social Responsibility
DMR	Department of Mineral Resources
DoE	Department of Energy
DOT	Department of Transport
DPE	Department of Public Enterprise
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
ECD	Early Childhood Development
EDF	Early Development Foundation
EIA	Environmental Impact Assessment
EIUG	Energy Intensive Users Group
ELTA	Ellisras Local Taxi Association
Eskom	Electricity Supply Commission Registered Public entity Eskom Holdings Soc Limited
FGD	Flue Gas Desulphurisation
GCIS	Government Communication and Information System
HDA	Housing Development Agency
IDP	Integrated Development Plan
IEA	International Energy Agency
IEP	Integrated Energy Plan

IMF	International Monetary Fund
IPP	Independent Power Producers
ISRDP	Integrated Sustainable Rural Development Programme
LDP	Limpopo Development Plan
LEDET	Department of Economic Development, Environment and Tourism
LSS	Lephalale Site Services
LTA	Lephalale Taxi Association
LUF	Lephalale Unemployment Forum
LYC	Lephalale Youth Council
MACUA	Mining-Affected Communities United in Action
MCWAP	Mokolo Crocodile Water Augmentation Project
MEWUSA	Metal Electrical Workers Union of SA
MHPSA	Mitsubishi Hitachi Power Systems Africa
MIG	Municipal Infrastructure Grant
MLI	Medupi Leadership Initiative
MUF	Marapong Unemployment Forum
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
NUM	National Union of Mineworkers
NUMSA	National Union Metal Workers of South Africa
OECD	Organisation for Economic Cooperation and Development
OUTA	Organisation Undoing Tax Abuse
PLA	Project Labour Agreement
PV	Solar Photovoltaic (PV)
PWC	PricewaterhouseCoopers
SADC	South African Development Community
SAEWA	South African Equity Workers Association
SAFCEC	South African Federation of Civil Engineering Contractors

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
UNESCO	United Nations Education, Scientific and Cultural Organisation
USAID	United States Agency for International Development
WESSA	Wildlife and Environment Society of South Africa
WRI	World Resources Institute

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CHAPTER 1: INTRODUCTION

1.1 Introduction

Policy-making is often 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 citizens draw the attention of the political leadership, which often struggles to appease the voters in view of limited resources. Political leadership must appear to be advancing community interests in order to maintain their power. South African democracy was built on a foundation of conflict that emanated from protest aiming to end apartheid. The pressing need for survival generates both high levels of contestation, and suppresses some vital issues, including ecological problems in mining sites as well as water quality, availability and distribution. These often appear to be less important than economic needs. The envisaged economic growth and the community development happen to be equally important for the advancement of the municipality. The community of Lephalale persistently demands employment for local people and community development. Demands for socio-economic upliftment in Lephalale reflect the biased distribution of power, concentrated on big businesses and a few black elites emerging as the Broad-Based Black Economic Empowerment (B-BBEE) beneficiaries. The B-BBEE is the economic empowerment of blacks "through diverse but integrated socio-economic strategies" such as inclusion in the management, ownership and control of enterprises, preferential procurement in enterprise that are owned by blacks (The Presidency, 2014, 4).

Lephalale attracted attention from international and domestic academia, advocacy groups and consultants. Aside from advocacy work, skills transfers to the local community do not guarantee improved socio-economic conditions. The local community is anxiously reaching out to those in authority through campaigns and violent protests. Violent industrial action at Medupi and lately access to economic benefits exposed the socio-economic dynamics of Lephalale. Medupi thus catalyzed extensive academic and journalistic writing. The history of corporate social responsibility is not appealing to the communities, as they continue to demand accountability from the business sector, specifically Eskom and the coal mining companies.

1.2 Structure of the research project

This 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 that was followed towards the completion of the research. The chapter provides the historical background of Eskom and the town of Lephalale. Also covered in the chapter is a section on the future energy mix and Eskom's developmental 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 detailing the causes and effects of mega-project infrastructure. The last section of the chapter focus on qualitative research comprising of the methods followed in data collection, analysis, and interpretation.

Chapter two provides a description of the analytical framework relevant to public policy science. It examines the literature relevant to the study. Focus is placed on the approaches relevant to the study of policy science; the policy process approach, the networks and the dimensions of power. An illustration of conflict displays actors' political influence aimed at accessing the decision making arena and the reality that policy making does not follow a cyclical approach.

Chapter three contains 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, p. 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, p. 65). The chapter outlines the impacts resulting from the interaction of the two areas of government. The chapter focus on the developmental agenda as well as the challenges facing Lephalale. The issues of interest dominating the agenda are also articulated in the chapter. The chapter also provides a description of the nature of that facet of Lephalale's economy. In addition, it presents a detailed analysis of the socio-economic impacts of Medupi on Lephalale, comprising of the local economic benefits, increased municipal rates and taxes, influx of labour for project-construction, an increase in the standard of living, higher wages, unemployable workers, and psychological displacement.

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 over the distribution of resources. Also critical are the networks that are perceived to be self-serving in Lephalale and the mobilisation of bias elucidated through political inactivity. Lastly, the chapter explains the role of corporate social responsibility.

Chapter five presents findings and recommendations of the research project. Lastly, it includes the concluding remarks.

1.3 Background to the study

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 and far beyond budget, particularly where costs 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 and 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 is 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: $3.75 billion in 2010. From 2011, the South African currency fell from R6.30/$ to as low as R17.90/$ in January 2016, before reaching a level closer to R14.00/$ in mid-2016 (Exchange Rate UK, 2018). The 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 their governments. 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. The study also maps diversified causes and socio-economic impacts of Medupi's construction and operations on Lephalale.

1.4 Context of the research

1.4.1 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 (LLM), 2014-2016, 8). 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 and Du Plessis, 2014, p. 113). Ellisras (now Lephalale) was known as Waterkloof Farm, a farm subdivided into numerous portions situated on the banks of the 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 a 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, p. 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, and Van Zyl, 1974, p. 295). By 2011 the population had grown to 115 767 (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, p. 295). However, over the years the economic activity changed as Lephalale developed to be 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 the LLM (2014-2016, p. 140) 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 (LLM, 2014-2016, p. 140). An estimated 40% of South Africa'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, 2014-2016, p. 6). The National Development Plan envisages Lephalale as an expansive energy infrastructure town characterised by competitive energy pricing, reliability, and efficiency that operates on local technology considerate to job creation (The Presidency, 2011, p. 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, p. 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. A total of 26% of the 26 368 economically active youth in 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. It alters through community service delivery protests, demands for the employment of locals in

the construction project and labour disputes on site. 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, p. 1). Pronounced labour disputes became common later during the construction of Medupi.

Infrastructure development is often met with varying resistance ranging from "campaigns, protests, participation, legitimacy, accountability and transparency" driven by various factors (Dwivedi, 2002, p. 709). They are mega-projects development described by Flyvbjerg (2014, p. 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 and Touche in 2014. Deloitte and Touche focused on mega projects under construction in Africa and based the assessment on their value and period of construction (Deloitte and Touche, 2015, p. 12). Infrastructure costs are universal measures of disparities between mega, giga and tira-projects and their failure often threatens the economy (Flyvbjerg, 2014, p. 7). Eskom megaprojects became a useful case study for South Africa's lessons in the construction of infrastructure. According to Flyvbjerg (2014, p. 8) the increasing costs of mega-infrastructure inclusive of the electricity bill will undoubtedly impact 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, p. 61 citing KPMG, 2016). Infrastructure development often necessitates massive infrastructure spending (Howlett, Ramesh and Perl, 2009, p. 23), and Eskom was the first company to establish the infrastructure required for the generation and transmission of electricity. The first company to create infrastructure development has cost advantage over the supply (Howlett *et al.* 2009, p. 23), hence, 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, p. 19) article by the Parliamentary Correspondent, Bekezela Phakathi, as well as the one published by the Organisation Undoing Tax Abuse (OUTA) (2017), anticipated that Eskom's proposed tariff rise of 19,9% in 2018 would 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, p. 2) articulated maladministration and corruption as the basis for such contestation. Consumers believe that they are penalised because of leadership failure. OUTA's former Portfolio Director of Energy, Ted Blom, blamed an increase in tariffs on the non-transparent coal contracts, an area exploitable for corruption (OUTAbr, 2017). Concerns about coal contracts are also highlighted in the Eskom Inquiry Reference Book (Eberhard and Godinho, 2017, p. 2). Eskom's tariff increase is creating a condition where consumers will be either unwilling to use the electricity or may not afford electricity. The electricity price has increased by 400% over a period of ten years (Eberhard and Godinho, 2017, p. 3; Eskom, 2007, p. 4). Thus, "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 household needs (African Progress Panel, 2017, p. 43). Mini-grids combine the benefit of generation and distribution capacity to the users (African Progress, Panel, 2017, p. 44). Off-the-grid solutions could reduce a need for mega infrastructure and the resultant economic and ecological consequences. The Action Progress Panel (2017, p. 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 will come from renewable energy sources and 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, 2017, p. 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 set-ups. Irrespective of the challenges, modern day living depends on the convenience of electricity.

1.4.2 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, p. 151). The basis for electricity generation was to foster economic activity for the railway transportation system

(Potgieter et al., 1974, p. 295). The necessity for economic growth encouraged prioritised distribution to the EIUG. Richard Worthington (2008), the former Sustainable Energy and Climate Change Project Coordinator at Earthlife Africa, claimed 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). However, in the future the Department of Energy (DoE) cited in the IEP (2016, p. 14) projected the growing residential users to be the highest electricity user of 2015 - 2050, followed by the mining sector. 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 (DoE, 2016, p. 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, p. 1). Since 1994, Eskom has been 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, p. 1). In 2005 Eskom was given the responsibility to build 70% of the new build energy generation programmes, whilst the other 30% became the responsibility of Independent Power Producers (IPP) (Eskom, 2014, p. 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. The involvement of Chancellor House in Medupi contracts aggravates the instability. The *Mail and Guardian* journalists De Wet and 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 (at the time, R266 million) to avert a criminal investigation of bribery by the United States Securities and Exchange Commission. The then 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 and Mataboge, 2015). Brian Mahlangu (2016), 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, and unemployment (Mahlangu, 2016, p. 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 in Eskom due to the negative outlook that has been projected about the corruption in the state-owned enterprise (SOE). Additionally, over the years Eskom has not been projecting stability in leadership. In seven years the entity appointed six Chief Executive Officers (CEO) or individuals acting in the position. The most notable instability was from 2014 to 2017 when five CEOs were appointed under the then Minister Lynn Brown (Eberhard and Godinho, 2017, p. 7, 9). Citing Siseko Njobeni's article published in *The Star's* Business Report (2017, p. 18), the recent 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 growing minerals and energy sectors of Lephalale.

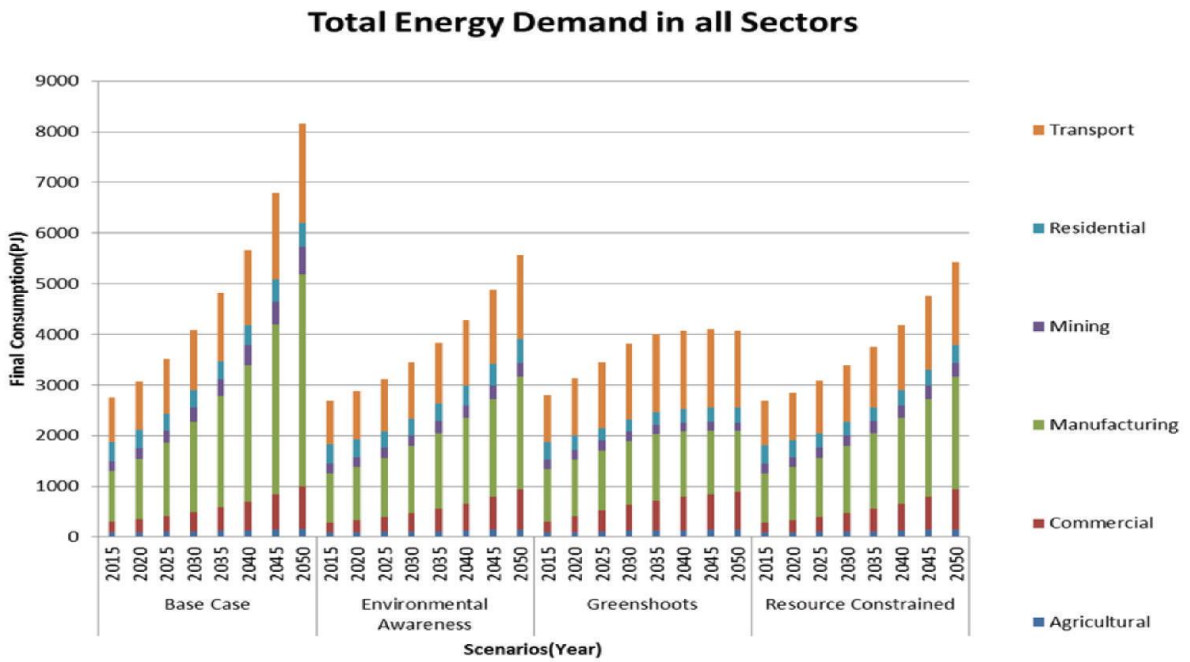
1.4.3 The future energy mix

South Africa's future energy mix will consist of coal, nuclear, natural gas, wind and biomass. The latter will largely be dependent on the use of the solar PV and concentrated solar power (CSP) (DoE, 2016, p. 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, p. 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 and Guardian* (2016, p. 10), 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, 52c to 62c per kWh in the cost of generation by wind has been experienced since 2010 and is projected to continue towards 2030. Despite the decreasing cost of generation, the electricity tariffs are rising. Whilst generation from

renewables is disadvantaged by the weather, it is expected to peak by 2040 (King, 2016, p. 10). 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%, with 17% for renewables and only 1% for nuclear (Africa Progress Panel, 2017, p. 63). In South Africa coal still contributes a large margin to the grid in comparison to other sources of energy.

Transport is projected to account for the highest energy demands, primarily to vehicle fuel consumption. South Africa is only expected to use electricity vehicles for passenger transport in the year 2030 (DoE, 2016, p. 13). Additional increase is projected in the manufacturing and the commercial sector. Population growth and urbanisation will create an expansion in the residential sector; however, knowledge of the energy saving technology will minimise the future electricity demand in the latter sector (DoE, 2016, p. 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 transport sector will not impact on the electricity demand in comparison to the residential growth. The projected energy demand per sector anticipated for the period 2015 - 2050 as analysed by the DoE cited in the IEP (2016, p. 14) is tabulated below:

Table 1.1 Total energy demands per sector, 2015-2050



The DoE cited in the IEP (2016, p. 14) projected the energy demand per sector based on four scenarios depicted in the table above. The four scenarios are discussed below:

- 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, p. 12). This implies that the energy mix projected supports the socio-economic development of South Africa.

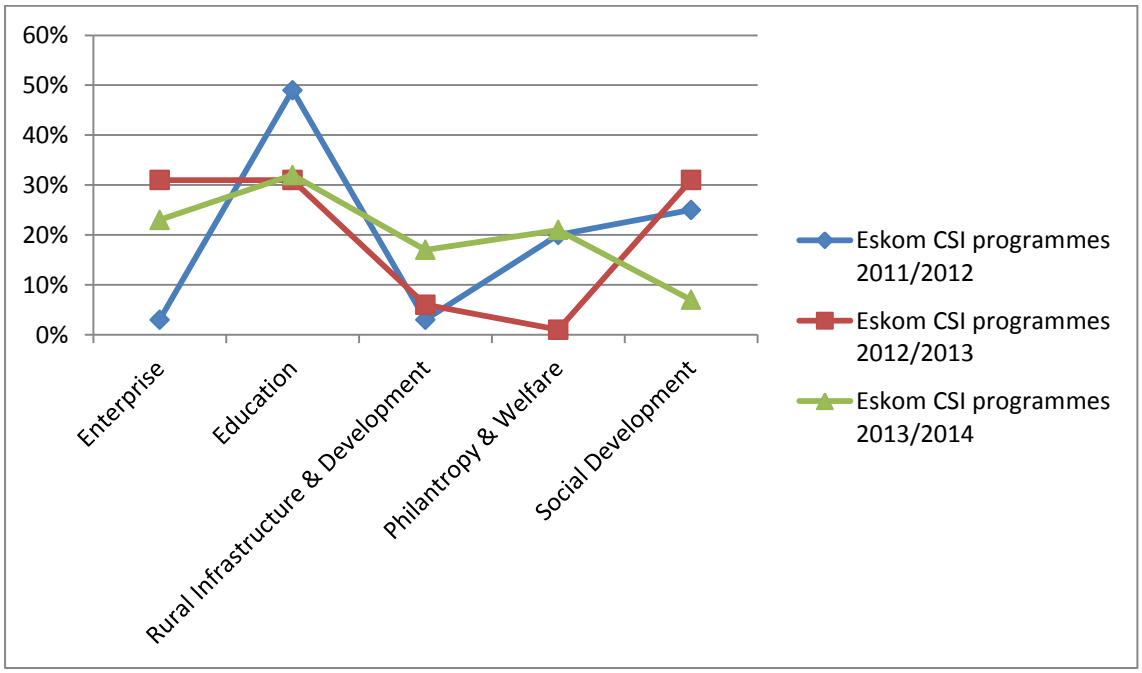
The future energy mix is to a large extent based on the potential growth of the economy, coupled with policy constrained considerate of environmental factors, energy efficiency, as well as the socio-economic and the macro-economic impacts (DoE, 2016, p. 12). In reality, all four scenarios are interrelated 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, p. 17). There is anticipation of cumulative decommissioning of approximately 12600MW coal generation by 2030 and 34400MW by 2050 (DoE, 2018, p. 27). 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, p. 27). Quantification of the socio-economic impacts beyond decommissioning provides an opportunity for future research.

1.4.4 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; environmental discharges and irresponsible water use, especially in relation to local farming" (Bond, 2014, p. 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, p. 250) rather than the facilitation of 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, p. 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 declining social responsibility commitment.

Graph 1.2 Eskom's CSI spending per programme, 2011-2014



Source: Adapted from Eskom (2014, p. 46)

The graph above depicts the percentage allocation of Eskom's CSI to various social programmes throughout South Africa in 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).

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 were able to complete the programme partnered with Edupark's University of Limpopo. Only six from the total enrolled originated from the energy strategic sites of 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, p. 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, p. 11). Chemistry incubators were not established in Lephalale, which is one of the strategic areas for Eskom's electricity generation.
- 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, p. 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 2013 the winner received R200 000 and the sector winner received R100 000, whilst the runner-up received R75 000 (Eskom, 2014, p. 12). The EDF also supports various inventions that pursue alternative energy programmes through the use of a renewable energy (Eskom, 2014, p. 35).
- The energy and sustainable development programme conducted in partnership with the 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, p. 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, p. 39).

1.4.5 Motivation

The study is influenced by the need to understand the socio-economic impacts of Medupi on Lephalale and to generate a knowledge base that will inform just and fair development for the communities in future projects. The Waterberg District's future multi-infrastructure development project is expected to be an issue of division and contention between communities and development conglomerates if interests continue to remain uneven. The Waterberg District Municipal area is declared to be one of the provincial growth points of Limpopo Province, hence the awaited economic benefits.

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 areas of Lephalale inclusive of the CBD, Onverwatcht and Marapong are significant to the study because they cover the projected nodal development for coal mines and resultant power stations.

1.5 Scope of the study

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

1.6 Research questions

Primary questions:

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

Secondary questions:

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

1.7 Aims and objectives

The aims and objective of the present study were:

- 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.
- To enable efficient development practices that are effective for the management of the socio-economic impacts associated with the development of projects such as Medupi.
- To understand the underlying causes of the conflict and diverging interests of the local community and benefiting companies.

1.8 Literature review

The analysis of the socio-economic impacts of Medupi on Lephalale provides insight about the trade-offs between conflicting interests. Coal exportation, the construction of Medupi and Kusile motivated the development of 40 mining zones in Limpopo, Mpumalanga and KwaZulu-Natal provinces, effectively impacting on water diversion as an anticipated trade-off to agricultural and tourism employments (Bond, 2014, p. 106). Water diversions required for the extraction of coal and the operations of Matimba and Medupi coal power stations will impact on residential users of the growing population of Lephalale. The study by Bond and Ndlovu (2010, p. 2) provides an outlook of the 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.

1.8.1 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" (Gellert and Lynch, 2003, p. 18). Various types of mega-projects cited in Gellert and Lynch (2003, p. 16) comprise of the following:

- Infrastructure mega-projects consist of "ports, railroads, urban water and sewer systems".
- Extraction mega-projects include "minerals, oil, and gas" operations.

- Production mega-projects comprise of "industrial tree plantations, export processing zones and manufacturing parks".
- Consumption mega-projects include massive "tourist installations, malls, theme parks and real estate developments".

Mega-project developments often consist of more than one project type in an area. The mega-project types of development in Lephalale mainly comprise of the minerals, energy and water systems complemented by the consumption type of development. It comprises of Medupi power station, Mokolo water project pipeline expansion, the coal mining expansion and the consumption type includes the mall and real estate development. Furthermore, as a nodal point for future economic development and expansion, Lephalale is earmarked to be the special economic zone. The construction of Medupi created a range of displacing propensities such as financial, water diversions, environmental and migration of people for project labour. The common displacing features of mega-project development are highlighted in Gellert and Lynch (2003, p. 16), whereas Bond (2014) debates about some of those features in the critique of the construction of Medupi.

In retrospect, tensions developed around the decision to construct Medupi 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. According to Rafey and Sovacool (2011, p. 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 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, the Washington DC human rights organisation Africa Action, Greenpeace and the World Resources Institute (WRI) opposed the construction of Medupi (Rafey and Sovacool, 2011, p. 1142). The contending discourses about the construction of Medupi were revealed in the analysis of primary and secondary documents published between 2006 and 2010 in Rafey and Sovacool (2011, p. 1143). Gellert and Lynch (2003, p. 16) citing Goldman (2001) and Haas (1989) stated that "international construction firms, private-public international financial institutions and public works bureaucracies form transnational epistemic communities wielding considerable power in support of mega-project,

especially in developing nations". It is therefore 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 and Nel, 1999, p. 4). This is often displayed when actors exercise power and in the process reveal the conflicting interests.

The contentions over infrastructure development are also described in Dwiveli (2002, p. 710) citing Cernea and Guggenheim (1993). The 1980s was 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 Washington, DC, Sovacool and Rafey (2010, p. 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, p. 95). The NGO Earthlife Africa 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. At the height of Medupi's industrial action, the conflict took a destructive rather than a constructive approach. The destructive and constructive models of conflict borrowed from Van Der Waldt (2001, p. 140) are detailed in chapter four of the research report. The protest turned violent as labour demands spilled over uncontrollably and sporadically within the construction site. The conflict also 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 intimidation since 2013. The culture of violence has become generational in South Africa. During the ANC's 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, p. 6). Conflict between the locals and the profiteering multinational companies will continue in pursuit of the beliefs and traditions against multinationals that are advancing power, profits and natural resources (Perkins, 2004, p. xvi). Noting that economic growth, employment and business benefits in Lephalale are sourced from the minerals and energy sectors.

Negative externalities were already experienced by the LLM in 2013. The municipality attributes four months of water shortage in Lephalale to economic development and population increase. The challenges with the supply of water were initially raised in the article published by Lizzy Bapela (2013), a journalist for the *Beat* newspaper. There was visible shortage of housing and road infrastructure development. Eskom and Exxaro provided roads and water, whilst the Limpopo Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) has mandate over housing development in Lephalale. The infrastructure development to cater for the changes taking place in Lephalale required sufficient investment capacity. However, infrastructure development is known to be featured by lack of funding, human capacity and supply infrastructure (DoE, 2015, p. 3). The LLM could not address most of the externalities. The municipality lacked neither the power nor the capacity to make immediate changes to cater for the rapid changes taking place. Infrastructure is often seen as the source of economic development. However, attainment of developmental objectives requires a balance 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. Employment opportunities created are often not sustainable as jobs are short term. Sustainability is receiving interest from "government agencies, academic, practitioners and regulations" (Dunphy, Griffiths and Benn, 2007, p. 1) and any development that overlooks sustainability may not be embraced by those living in poverty.

1.9 Method and techniques

The research followed the qualitative method of study. The qualitative research study is described by Denzil and Lincoln (2013, p. 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, p. 2, 12; Richl, 2001 cited in Sadovink, 2007, p. 417).

Due to time and financial constraints, a select number of data collection techniques were engaged: personal experience, life story and interview. The technique effects the "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 and Smit, 2012, p. 126; Bryman, 2008, p. 369; Denzil and Lincoln, 2013, p. 6). According to the proponents of the interpretivist paradigm, reality is a "socially constructed" process dependant on the mind of an individual (Chilisa and Kawulich, 2012, p. 56) and therefore compels consideration of opinions of all participants. The study of the socio-economic impacts compelled social interaction with various stakeholders of Lephalale. Interviews were held with the councillor, the local business person and the municipal official. In order to maintain the privacy and confidentiality of the interviewees they are referenced as (2017a), (2017b) and (2017c). According to Ogletree and Kawulich (2012, p. 65) emotional, psychological and reputational impact could harm participants, caution was therefore exercised. The interviewees revealed perceptions held and the questions asked were not considered insensitive or invasive to the privacy of any specific individual. The interviewees consented to the interview by signing a consent form.

Qualitative research is by nature inductively developed, as perception shapes the context of the research outcome (Creswell, 2003, p. 9). According to Howlett *et al.* (2009, p. 20) citing Lundquist (1987), Przeworski (1987) and 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" (Howlett et al., 2009, p. 20 citing Lundquist, 1987, Przeworski, 1987 and Hawkesworth, 1992). Focus placed on the deductive method enabled an explanation of networks as they interact to influence the decision-making arena of Lephalale. The study also deals with the community resolute to challenge the development that is deemed uneven. In the description of power, Booysen (2006, p. 169) citing Hill (2005, p. 26) explains "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, p. 75) citing Wignaraja in Theron, (2008, p. 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, p. 6) citing Bond (2003) in Davids (2008, p. 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. A select number of data collection techniques are detailed below:

1.10 Data collection

Examination of the research design maps the data collection process (Wagner, Botha and Mentz, 2012, p. 14) and entails interpretation of data gathered from those affected (Nieuwenhuis and Smit, 2012, p. 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 of noteworthy towards the completion of the study (Laher and Botha, 2012, p. 88). Purposive sampling is a non-probability sampling method also referred to as 'judgement sampling'. Purposive sampling entails the use of a specific selection criteria whereby the "researcher's experience, previous research or ingenuity" is used to identify the participants (Laher and Botha, 2012, p. 92). Participants pursued comprised of the municipal official of the LLM, councillors, business persons, and the business structure within Lephalale. Eskom's publicly available documents and the LLM municipal library provided invaluable documentation relevant to the study. Interview participants were chosen on the basis of their availability and willingness to participate in the research project. The experience and views of participants were significant in understanding the socio-economic conditions of Medupi as they are daily encounters of individuals, that impact on lives in Lephalale.

Interviews, informal conversation, as well as examination of documents served as the data collection techniques appropriate for the research project (Chilisa and Kawulich, 2012, p. 56). Interviews collected data on "ideas, experiences, beliefs, views, opinions and behaviour of selected participants" (Nieuwehuis and Smit, 2012, p. 132). The face-to-face semi-structured interviews provided the means to gather in-depth data to complement and corroborate the examined documents (Nieuwenhuis and Smit, 2012, p. 134).

1.10.1 Interview guidelines

The research management process followed the guidelines stipulated by Nieuwenhuis and Smit (2012, p. 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

potential participants. Critical thinking and interpretation skills were necessary to scrutinise relevant information, as similar types of data was gathered. Skilfulness is a necessity particularly where participants could be influenced by emotions (Silverman, 2006, p. 379).

1.10.2 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, p. 141), as a process that involves extraction of facts from any type of document. The documents also enabled a "cross check" of data gathered from interviews and provided a "historical context" of the socio-economic impacts of Medupi. Facts presented in the documents were interpreted to provide meaning (Atkinson and Coffey, 2004, p. 57).

Facts were extracted from the following class of documents:

- Primary documents, i.e. media articles such as newspapers (Silva, 2012, p. 141).
- Secondary documents including published books, journal articles, legislative records and annual reports (Yanow, 2007, p. 411). Public and private documents held by the library of the LLM were also beneficial to the study.

1.11 Data analysis and interpretation

Data analysis as described by Berg (2001) cited by Kawulich and Holland (2012, p. 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 and Holland, 2012, p. 229). The research used thematic analysis to analyse data collected from interviews and compared it with data collected from documents. Thematic analysis enabled the researcher to identify themes and patterns (Kawulich and Holland, 2012, p. 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 categorise 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 and Holland, 2012, p. 231). Once coding was done, it consisted of elements advocated by Boyatzis (1998) cited in Kawulich and Holland (2012, p. 231), which involves 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. In order to simplify the research process, known participants were selected and identified according to the role played in Lephalale. Based on the research question under study, there was anticipation that perceptions of participants could be influenced by the participant's employer organisation. Organisations under study comprised 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 was coded according to the "constant comparative method" (Boyatzis, 1998, cited in Kawulich and Holland, 2012, p. 231).

1.12 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 to comparable 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 as well as 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-making, non-decision-making and the three dimensions of power.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The socio-economic impacts of Lephalale are studied from the public policy perspective. Public policy "is the description and explanation of the causes and consequences of government activity" (Dye, 1998, p. 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 and Ramesh, 1995, p. 5 citing William Jenkins, 1978). It 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, p. 4). Key issues of concern involve the distribution of power and how the policy making arena is dominated to the benefit of one group over the other. This is inferred in Saunders (1980, p. 45) cited in Ham and Hill (1993, p. 75) wherein real interest is articulated as the "cost and benefits" derived by a group from a social arrangement. It 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 and Hill, 1993, p. 75). Policy choice is often an outcome of a political process that responds to the "political pressures, ideology and self-interest" taking place within the confines of political institutions and various actors. It is often not an outcome of a technical decision but involves an interaction of actors and institutions (Howlett et al., 2009, p. 26). The ultimate authority rests with those elected into power. The definitions stated, describe the elements of public policy. It is worth noting that the policy impacts are often quantitative analysis involving the study of outputs (Howlett and Ramesh, 1995, p. 8). However, the factors under study require a qualitative study as they are informed by the perceptions and life experiences gathered through interaction with persons of Lephalale.

This chapter focuses on the approaches to the study of public policy. The approaches identified include the positivist, the post-positivist, and the policy process. The chapter also explains the networks as an analytical tool describing the various actors involved in the decision making process. It also details the dimensions of power from the decisional approach, non-decision making, and the third dimension of power.

2.2 Approaches to the study of public policy

"Approaches analyse public problems and devise solutions" (Howlett et al., 2009, p. 21). Apart from studying the political processes such as "campaigns, elections, voting, lobbying, legislating and adjudication", scholars in the field of the political and policy science discipline examine "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, p. 18; Dye, 1998, p. 4). As mentioned in Dye (1998, p. 5) the science of public policy 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, p. 17 citing DeLeon and Martell, 2006; DeLeon, 2006). The "normative and moral dimension" as well as the "legal and political institutions" focused on the government's ability to look after 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, p. 12). In the preceding years discourse emerged about the relations between the government and its citizens; the aim was to understand what government should do to achieve public good for its citizens (Howlett et al., 2009, p. 17).

According to Torgerson (1990) and Smith (1982) cited in Howlett et al. (2009, p. 17), scholars began to study the "systematic evaluation of outputs and outcomes of government programs" in an effort to merge the gap between the political theory and practice. The empirical study of government institutions examined legislatures, courts and bureaucrats, but did not generate knowledge on the weaknesses of the institutions in view of increasing 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, p. 18 citing Mead, 1985). Many of these studies that entailed behaviourism, elite studies, political culture, and political cybernetics were soon replaced by other approaches (Howlett et al., 2009, p. 18 citing Cairns, 1974; Schaefer, 1974).

Harold Lasswell's distinctive postulation of policy science as cited in Howlett and Ramesh (1995, p. 3-4) is pioneered 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. 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 economics, politics, geography, history, and sociology (Ramesh, 2009, p. 18; Howlett et al., 2009, p. 18 and 31). Thus, this study necessitates the notion articulated by Howlett and Ramesh (1995, p. 3) of a "multi-disciplinary" examination that focuses on government's activities, its behaviour, and interaction with political actors. 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, p. 19). However, in reality the political necessity supersedes public policy and as such may not be a solution to the social problems (Howlett et al., 2009, p. 19; citing Fischer, 2007; Weiss, 1983). The deliberations and contestation are some of the vital elements of influence found in the policy arena.

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

2.2.1 Positivist and post-positivist approaches to the study of policy analysis

Positivists embrace scientific rationality and see policy analysis as a means to uncover objective knowledge (Howlett et al., 2009, p. 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, p. 22).

The positivist approach has limitations that acknowledge 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, p. 26). The post-positivist approach entails the micro and the macro analysis. The former study focuses on the programme, 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" (Howlett et al., 2009, p. 29). 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, p. 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, p. 27). The positivists' failure to analyse party politics and conflicting values amongst the policy makers overlooks the element that is critical in shaping policy (Howlett et al., 2009, p. 27 citing Dryzek, 2002). The post positivist approach does not conform to an objective analysis but to the assumption that "all information is contestable" (Howlett et al., 2009, p. 27 citing Fischer (2007b, p. 224). Howlett et al. (2009, p. 27) citing Fischer (2007a, p. 97) emphasise pluralism and contesting interests. Divergent actors bring multiple interests and perspectives to a policy issue (Howlett et al., 2009, p. 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-positivism, whilst the discourses are the methodology (Howlett et al., 2009, p. 28). Policy outcomes are the outcomes of persuasions achieved through arguments as articulated by Howlett et al. (2009, p. 28).

The thinking of scholars in the "post-positivist approach" relies on the "political and social analysis of public problems and the policy making process and outcomes" and ascribes their analysis to socio-political factors (Howlett et al., 2009, p. 26 citing Dryzek, 1990; Fischer, 2003 and 1998; Forester, 1993; GÖktug, 2002; Hajer and Wagenaar, 2003; Majone, 1989;

Stone, 1988). Protagonists of post-positivism, 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, p. 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, p. 27). As the facilitator of the policy process, the analyst is bound to remove barriers of inequality in policy deliberations to arrive at consensus driven by the power of presentation rather than the status of an individual (Howlett et al., 2009, p. 28 citing Burton, 2006, p. 181). The power of public participation is also revealed in the elections. During elections voters simply elect candidates or parties that serve their interests (Howlett et al., 2009, p. 33 citing Down, 1957). In reality, policy science involves the elements of both the "positivist and post positivist" approaches. Though, there are a number of approaches to the study of policy science, this study is confined to the literature concerned with the "distribution of power", "networks" and "interests" in the public policy making process (Raab and Kenis, 2007, p. 187, 190; Ham and Hill, 1993, p. 75). This feature is comprehended in the use of conflict to influence decisions about the distribution of resources in Lephalale. An ideal policy analysis encompasses all the elements of "the macro, meso and micro analysis" (Howlett et al., 2009, p. 31).

2.3 The policy process approach

The analytical framework for this study is also located in the traditional policy process approach articulated by Booysen (2001, p. 127) citing Dunn (1994, p. 5), as well as Ham and 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, p. 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, p. 16). In reality the policy making arena does not follow a cyclical approach; however, the approach provides valuable understanding of the policy arena (Howlett et al., 2009, p. 4). This notion is also acknowledged in Dye (1998, p. 317) who stated that the policy process does not often take a cyclical process. Articulated in Bowe and Ball (1992, p. 10), any 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, p. 113), Booysen (2006, p. 163) articulates the public policy approach as "pertinent and an acceptable proposed course of action for dealing with public problems". Although, the research was not aimed at verifying the "public choice theory" articulated by James Buchanan (1980, p. 5) cited in Howlett et al. (2009, p. 32), public policy acknowledges the notion by McLean (1987) and Van Winden (1988) cited in Howlett et al. (2009, p. 31) that decisions are sometimes influenced by self-interest. According to Downs (1957) cited by Howlett et al. (2009, p. 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 sometimes motivated by "income, power and prestige", derived from holding a position of authority in government (Howlett et al., 2009, p. 31 citing Becker, 1988; Coarse, 1960). Bureaucrats' weakness occurs when self-interest involves the maximising of a budget that offers "power, prestige, perks and higher salaries" (Howllet et al., 2009, p. 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 and Kenis, 2007, p. 190). Thus, Waxter (1982, p. 286) in Bowe and Ball (1992, p. 13) stated 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 (Khan, Ghalib and Hossain, 2014, p. 282 citing Rakic and Radenovic, 2011) is that, 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 by or have an interest in or even individuals who are experts on an issue (Miller and Demir, 2007, p. 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 influence an increase in the allocated budget (Miller and Demir, 2007, p. 138). Although the community benefits from the activities of policy communities,

they are described by Miller and Demir (2007, p. 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 and Demir, 2007, p. 142). Therefore, to a certain extent, the decision-making process will always be influenced to the benefit of one group over another.

A case in point is the establishment of the Lephalale Development Forum (LDF), an organised structure that indicates a shift in power distribution in Lephalale. The forum was initially created to drive the development of infrastructure projects in view of the development trajectory of Lephalale. The 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 LLM (NoordNuus, 2014), and is perceived to be the recipient of prioritised prospective development projects of Lephalale (2017b). Lephalale has been experiencing contending groups who seek to shift power and exercise influence in the decisions involving the allocation of resources.

2.4 Networks as an analytical tool

An improved model of public policy making is inclusive of the actors involved in the policy process and the interests that are pursued. The new model to study public policy acknowledges that actors are not independent and not self-determinant (Howlett and Ramesh, 1995, p. 13). The improved model is embodied in the study of networks in public policy (Raab and Kenis, 1987, p. 187).

Literature of relevance examined include global policy networks as well as the notion of an advocacy coalition framework advocated by Sabatier, Jenkins-Smith (1988, 1993, p. 1999) cited in Weible and Sabatier (2007, p. 123). This study cannot ignore the role played by networking as an analytical tool since it "focuses on actors, their interests and especially their relations as the key explanatory factor" (Raab and Kenis, 2007, p. 187). The concept of networks is not new, it played a critical role in policy making in the late 1980s (Raab and Kenis, 2007, p. 187). According to Raab and Kenis (2007, p. 187), citing Simon (nd) who is

quoted in Kenis and Schneider (1991, p. 26), the concept of networks in the policy environment is viewed as the "architecture of complexity", or a concept that integrates competing actors (Raab and Kenis, 2007, p. 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 and Kenis 2007, p. 187 citing Windhopf-Heritier, 1993, p. 143). Networks as a form of governance are described as "ideal for coordination" (Raab and Kenis, 2007, p. 191). They 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 and Kenis, 2007, p. 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, p. 253-254). Competing interests between varying groups are typical in the policy-making environment. Therefore, the exercise of power is fundamental to the decision-making arena. However, Dahl (1961, p. 101) cited by Hill (1993, p. 51) demonstrated 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, p. 137). They imply 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, p. 255). The latter view recognises the interplay of power and pursuing of interests in networks (Borzel, 1998, p. 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, 2011, p. 160). However, those objectives were not achieved with many government infrastructure projects like Medupi. The construction of Medupi required capital injection that is not available to the tax payers. Instead, infrastructure projects 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 going bankrupt (Howlett et al., 2009, p. 25). Any potential bankruptcy involving foreign currency debt would create a reason to borrow from international financiers like the International Monetary Fund (IMF).

2.5 Dimensions of power

The views articulated by Ham and Hill (1993, p. 65) about the exercise of power in contemporary society remain relevant and critical in modern society. An exercise of power involves "individuals consciously acting to affect others" (Hill, 1993, p. 53). 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 of 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, p. 1961) cited by Ham and Hill (1993), provides an analytical framework to study the distribution of power where there is divergence, and further enable a better understanding of whether power is an influential factor benefiting those attempting to acquire the socio-economic opportunities from a development intervention of 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 and Hill, 1993, p. 65-66). According to Dahl (1953) cited in Ham and Hill (1993, p. 66), 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". 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 and Hill, 1993, p. 67).

Decisions are frequently influenced by the citizens' rights to vote and politicians are often wary of the election outcomes, which indirectly influence decisions (Hill, 1993, p. 510 citing Dahl, 1961, p. 101). In their public statements and in public documents, politicians overtly articulate their voters' aspirations, though the ultimate objectives of their decisions become

questionable to policy actors and the public in the long run. This is the notion of "non-decision making" which is applicable to Bachrach and Baratz's (1962) view of power cited in Ham and Hill (1993, p. 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, p. 66). Policy analysis involves the process of identifying resistance, alteration, subversion, and conformity that take place within and outside the policy arena. Discourses and divergence are sometimes addressed covertly through plotting of clashes and mismatches between policy actors (Bowe and Ball, 1992, p. 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 action through violence at Medupi, the Project Labour Agreement (PLA) that was signed to dictate the rules of engagement between the employer and employee organisations became obsolete as workers' demanded a review of the agreement. The PLA was signed between the 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 and 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, p. 50). The tension impacted on the stability of Lephalale and the nearby Ga-Seleka village as the labour action was often expressed through the 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 height of the labour unrest in 2013. 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, 2001, p. 140). Eventually, the decision making power is conferred through authority.

2.5.2 Non-decision making

In the critique of Dahl's (1961, p. 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" manifests indirectly to prevent issues that are unacceptable to some group within the community (Ham and Hill, 1993, p. 67). Non-decision making is described by Bachrach and Baratz (1963, p. 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 and Hill, 1993, p. 68). The elites are often the beneficiaries (Hill, 1993, p. 52). An example of political inactivity is illustrated in the study on pollution conducted by Dahl (1961) cited by Crenson (1971, p. vii, 26) in Hill (1993, p. 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. In Hill (1993, p. 56) citing Crenson's (1971, p. 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 a "strong party organisation". In conclusion, Dahl (1961) cited in Hill (1993, p. 56) 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". Against the above background, the issue of water availability and pollutions is still a non-decision in Lephalale though the economic organisation is driven by the minerals-energy sectors. There is currently no evidential conflict as a result of water insecurity and pollution 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 Lephalale's coal mining sector. In the study conducted by Crenson (1971, p. 145) on pollution cited by Hill (1993, p. 51, 52 and 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. Crenson (1971, p. 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, p. 57). Bachrach and Baratz (1970, p. 23) cited in Hill (1993, p. 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 through coordination of counter-marches by groups competing over conflicting interests. Ham and Hill (1993, p. 69) citing Bachrach and Baratz (1970, p. 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 and Hill, 1993, p. 68-69).

There is observed evidence of political inactivity regarding some issues; notably the ecological issues emanating from the minerals-energy sectors of Lephalale. Instead the Johannesburg organisation Earthlife Africa 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, p. 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, p. 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 the latter instance "A exercises power over B when A affects B in a manner contrary to B's interests" (Luke, 1974, p. 27 cited by Ham and Hill, 1993, p. 70).

Luke (1974), cited in Ham and Hill (1993, p. 71), acknowledges the critique around the pluralist approach's 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 and Hill, 1993, p. 72). Conflict is not the only means to study power, 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 and Hill, 1993, p. 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 and Hill, 1993, p. 72). Hence, there is a need to examine power distribution and the policy actors involved in influencing the policy process. The use of power as an analytical model is informed by the premise of domineering issues. The dominant views dictate whether there will be political activity or inactivity, or conflict. Whilst Lephalale experiences a number of socio-economic issues, many of them are not articulated through political activity. It is acknowledged that political activity is the influencer and thus only dominant issues that receive institutional support and recognition enter the decision-making arena.

2.6 Conclusion

The analytical framework for the study is located in a number of approaches, namely the positive, post-positivist approach, the policy making process and the network approach. Some of the approaches are borrowed from various disciplines. The cyclical model is stated for the purpose of study. Instead, realism dictates political activity, in conflict and negotiations as vital to the policy environment and acknowledges the essential role of networks. It is the non-cyclical interaction of actors and institutions in the exercise of power. As articulated by (Ham and Hill, 1993, p. 67) power is vested in the few with access to the decision-making arena, whilst the majority exercise it through voting. It can also be exercised through political activity, such as campaigns and protests.

The next chapter focuses on the development agenda of Lephalale. It also explains the envisaged development agenda of Lephalale and the National Development Plan vision 2030. The chapter explains the common features of mega-project development, the future development, the minerals energy complex of Lephalale, funding for mega-project

development and public participation. The chapter also provides an outlook of the socio-economic factors of Lephalale. The socio-economic factors comprise of 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 include water shortages and distribution. Lastly, the agricultural and energy trade-offs are considered.

CHAPTER 3: THE SOCIO-ECONOMIC IMPACTS OF MEDUPI ON LEPHALALE

3.1 Introduction

The socio-economic impacts of Medupi were underrated as the LLM will be confronted with long-term impacts of securing energy for South Africa. The dominant socio-economic impacts are mostly influenced by private interests profiteering from infrastructure development of Lephalale.

3.2 The development agenda

The DoE's mandate to ensure a "secure and sustainable energy for the socio-economic development and to foster economic growth" is a mammoth task (DoE, 2015, p. 3). It entails the setting of electrification targets and priorities, ensuring allocation and management of funds, subsidisation of projects, as well as determining the appropriate mix between the grid and off-grid technologies (Department of Mineral and Energy, n.d, p. 8). In that case, South Africa's Infrastructure Development Act 23 of 2014 schedules planning and implementation of the infrastructure that is compelled by a shortage of infrastructure to support effective road usage, water usage and electricity usage (The Presidency, 2014, p. 4). In view of that, energy infrastructure development programmes is anticipated to impart public and private benefits, through tenders, employment and basic essential services.

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 effective supply of electricity, water, sanitation, telecommunications and public transport for households and economic development of South Africa (The Presidency, 2011, p. 159-160). The ideal was also supported by the then chair of the Africa Progress Panel, the late Kofi Annan (2017, p. 9). Kofi Annan stated 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, p. 9). The NDP 2030 vision requires creation of 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" (Limpopo Development

Plan (LDP), 2015, p. 34). The visualised development will be achieved with difficulty in Limpopo Province where 88% of the population lives in rural set-ups, whilst the remaining 12% live in urban areas (LDP, 2015, p. 38). Communities in rural settlements often migrate to the nodal points of growth in pursuit of economic opportunities, creating a challenge for the distribution of services. Rural economies do not always attract foreign investment or provide employment opportunities that retain the best available brains.

Besides the articulation in the NDP (2030), the national government initiated the required infrastructure development projects in 2012 through the Presidential Infrastructure Coordinating Committee (PICC). This committee is responsible for the coordination, integration, and monitoring of all the infrastructure requirements of the country. The focus of development is 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, p. 6-7). Amongst the eighteen strategic infrastructure projects (SIPs) pronounced in the PICC report, five are geographical SIPs, three are spatial, three are energy, three relate to social infrastructure, two relate to knowledge, one is a regional integration SIP, and one is a water and sanitation SIP. 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, p. 17, 18, 20).

The SIPs dictate a minerals-energy type of development for Lephalale. However, for an ordinary local population living in the rural areas, the articulation of the planned development creates an expectation of better living conditions. Capital investment in infrastructure is understood to be beneficial to the local population. This is despite the articulation by the former 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 (DOT), 2017, p. 1). Infrastructure development projects are characteristically temporary and offer short and medium term wages.

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 a period of low economic growth when infrastructure

spending was propagated as an epitome of economic recovery (Abedian and Ajam, 2009, p. 93; Gumede, 2011, p. 247). Instead, the overspending and delays worsened the debt obligation for South Africa.

Perkins (2016, p. 215) acknowledges the construction of 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, p. 215) further describes it as the type of economic growth that is likely to result in "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" (Perkins, 2016, p. 215). It is built on the policy direction that influences many countries whose populations mostly live in poverty. It is an economic system 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, p. 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, p. 448). There are concerns of sustainability regarding the well-being of the future generation, in particularly the non-renewable natural resources (Kuhlman and Farrington, 2010, p. 3436).

3.2.2 Common features of mega-project development

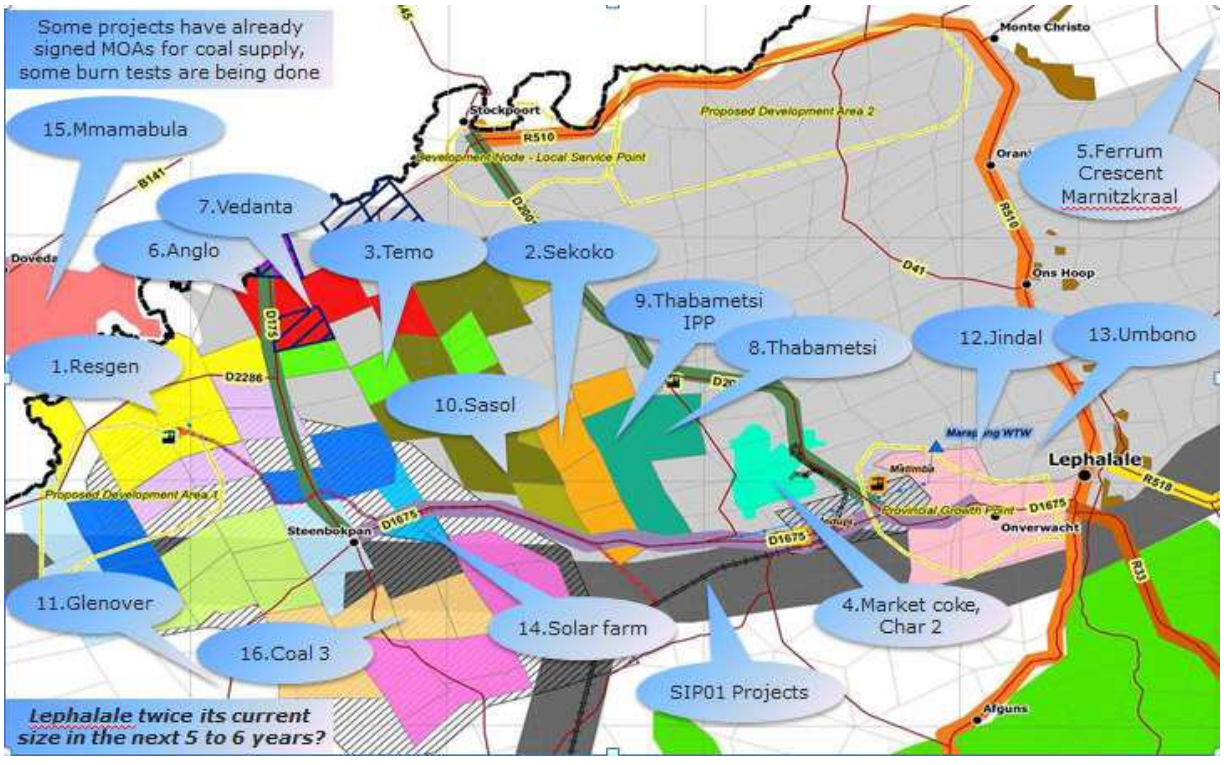
Infrastructure development in many countries has been associated with the socio-economic and ecological impacts. Gellert and Lynch (2003, p. 16) citing UNESCO (2003) view the impacts as "dimensions of displacement". Mega-project development leads to "biogeophysical displacement" comprising of "water 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, and urbanisation as labour camps become permanent (Gellert and Lynch, 2003, p. 16). It is worth noting that many workers travel with mega-projects for economic reasons but not out of choice (Gellert and Lynch, 2003, p. 18 citing UNESCO, 2003). Many of the features described in Gellert and Lynch, (2003) are similar to the construction impacts of Medupi on Lephalale, discussed in subsection 3.7. It is impossible

to exclusively articulate the development objectives of Medupi without focusing on the coal mining expansion of Lephalale.

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, p. 12). According to Pat Mokone (2016, p. 1), writing on behalf of the Department of Economic Development, Environment and Tourism (LEDET), mining is the future for the development of 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, p. 65). Therefore, it necessitates a balance between economic and community development. Map 3.1 below indicates the current and future coal mining and energy development projects of Lephalale.

Figure 3.1: The minerals-energy structure of Lephalale



(Source: LLM 2016-2017, p. 117)

Some of the other planned mining and energy developments in progress are cited below:

- A SIP01 project on map 3.1 projects the Medupi power station (LLM 2016-2017, p. 117).
- The Thabametsi Independent Power Producer (marked 9 on map 3.1) is the Savannah Environmental (Pty) Ltd's proposed development on the farm Onbelyk 254LQ near Lephalale. Thabametsi is proposing a coal power station with planned capacity of 1200MW mainly for integration into the national grid (Savannah Environmental, 2016, p. 1). The envisaged development of Lephalale is already marked by environmentally contested issues, challenged through the court by Earthlife Africa. Nelie Erasmus (2017), of *Polokwane Observer*, published an article in the newspaper which indicated that the Earthlife Africa in Johannesburg, represented by the Centre for Environmental Rights (CER), instituted a Constitutional Court litigation case against the Minister of Environmental Affairs for validating an assessment that did not adequately consider the impacts of climate change of the expected Thabametsi Coal Power Station development.
- Resource Generation (Resgen) (marked 1 Resgen on map 3.1) secured funds to complete the construction and commission of Boikarabelo Mine (Faku, 2016). According to the draft Environmental Impact Assessment (EIA) report, Boikarabelo will link with the proposed Kubu Coal Mine through the 8.2 kilometer conveyer belt to transport coal as the source of energy to Boikarabelo. 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, p. 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 close 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 development. The CBD changed its plan to make way for mining activities because the municipality did not have the financial capacity to purchase the two farms earmarked for mining activities. The portion of the land was reserved for the construction of low income housing. It was apparent that the municipality does not have any land for public use. Most of the land is owned by Eskom and Exxaro (GCMC Minutes, 2016, p. 3, 15).

> Interviewee 2017a, interviewed on 15 March 2017, stated that Eskom and other companies have the financial and legal resources to transact with local land owners whilst the municipality does not yield similar financial power (2017a). Mines easily transact with landowners giving precedence to mining activities over community development and agriculture. The interviewee (2017a) further stated that 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. Due to the environmental impacts it was proving to be unbeneficial to farm around a cluster of mines.

Mining contributes to material wealth and an improvement in the standard of living. As such, other areas of investment are expected. This means that households will be able to access social services such as education and health (Srk, 2013, p. xvi). It is assumed that local coal power stations will receive precedence over exportation in periods of shortage (Srk, 2013, p. 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. Akin to Medupi, the development of the mining sector is anticipated to increase the economic activity of Lephalale; 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, there is no guarantee that such areas attain a globally accepted and popular notion of growth that will result in widespread benefits (Perkins, 2004, xiii, 16).

3.4 The minerals-energy complex

An abundance of coal deposits in the Waterberg District fostered an energy intensive economy (Swilling, 2010, p. 118-119). 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 that is produced from coal generated electricity as stated by Terrence Creamer in the *Engineering News* (2016), government resolved to advance the minerals-energy pathway in Lephalale.

The LLM envisions an area that will be dominated by coal mining and energy activities (LLM 2016-2017, p. 117). Lephalale is already experiencing challenges resulting from the minerals-energy development:

- The presence of Exxaro's Grootgeluk mine, Medupi and Matimba power stations reduces the rural and pastoral features of Lephalale and the surrounding farms.
- 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, p. 142).
- The mining sector often experiences challenges when minerals flow into illegal markets, creating a fertile ground for conflict (Kapelus and Ndlovu, 2006, p. 321). Significant challenges emerge where illegal activities involve large-scale mining that is unaccounted for by powerful mining companies advantaged by their financial strength.
- The noise and pollution defines mining as inherently displacing on the property value (Srk, 2013, p. xvi).

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, p. 2). The development of the post-apartheid South Africa is influenced by 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, p. 73). This economic direction is as a result of a compromise coerced through the "secret negotiations" between the business led by the Minerals Energy Complex supported by pressure groups and the leadership of the 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, p. 63, 65), but this frequently translates to social labour and corporate social benefits 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, Sharife and Bond (2011, p. 291) citing Swartz (2011) expressed the spill-over effect of the minerals-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 located close to Exxaro coal mine.

The interviewee further indicated that there are 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 is mainly generated from fossil fuels such as coal and uranium deposits, contributing to pollution without any need to account or rehabilitate (Bezuidenhout, Fig, Hamann, Omar, 2007, p. 15). The international actors' role was significant in the influence of the regulatory framework on environmental impacts; however, the knowledge and monitoring remains key to curbing the impacts. The LLM does not have a solid waste 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, p. 70) and stem from the minerals-energy type of development. The groundwater or gas at the landfill site is not monitored and the municipality does not have the capacity to properly render waste management services (LLM, 2015-2016, p. 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 will negatively affect the 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 were not dominating 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 the pollution of the environment. Research indicates 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, p. 314-315). This is the path of consideration for the future generation and the rural set-up of areas such as Lephalale. The environmental global agenda through the green movements and parties such as the Greenpeace, World Wildlife Fund and Friends of the Earth influenced the domestic events of South Africa and other OECD countries (Greene, 1997, p. 318).

3.5 Funding mega-project development

Mega-project developments are financially dependent on conditional loans from international financiers 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. A journalist from *Business Report*, Ziyanda Mbolekwa (2017, p. 17), citing the former Acting CEO of Eskom, Johnny Dladla, indicated that the China Development Bank loaned $1.5 billion for the financing of Medupi, and the service of the loan is payable over a period of 15 years (Mbolekwa, 2017, p. 17). In an article published in the *City Press* (2017), the Managing Director of Banking South Africa, who is also the chair of the International Banking Federation, Cas Coovadia (2017, p. 2) stated that investment for capital projects largely originated from the West. However, 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 perceived to be unfavourable to the socio-economic and the environmental impacts of many centres of development worldwide. Funding for Medupi and Kusile was approved subject to the application of "low carbon and carbon reduction technologies"; an articulation made by Chris Bredenhann, a partner at the PwC, who is cited by Singula Nkabinde in an article published in the *Sunday Times Green Magazine* (Nkabinde, 2017, p. 57).

Additionally, the deliberations regarding capital projects often involve know-how in finance and markets; a proficiency that is higher than those possessed by many uninformed South Africans, notwithstanding the local population of Lephalale. Funding and conditions for energy capital projects are 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", who stated that funders do not care about the consequences of their funding. This notion is also held by an interviewee 2017c, interviewed on 16 March 2017 (2017c). 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 in their municipal boundaries (2017c). Big companies mostly engage with the municipality regarding their

social labour plans, implying that the decisions are made by big and influential multinational corporations and public participation is meant to be a box ticking exercise. Whilst funding remains critical for mega-project development, the beneficiaries of development are likely to be multinational corporations who circumvent the B-BBEE initiative through fronting. 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. The *Mail and Guardian's* Saba (2016, p. 18) revealed an alarming number 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 (Saba, 2016, p. 18). Eskom is one of the government entities to be confronted by the B-BBEE Commission. It will not be possible to be immediately rid of the systematically orchestrated skewed distribution of power.

3.6 Public participation

Decision making and intervention in mega-project developments are often confined to select and knowledgeable members of the community, the elites, international lenders, donor institutions, and 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 and Lynch, 2003, p. 16 citing Goldman, 2001 and Haas, 1989). Whilst elites make decisions, the communities either ignore or address mega-project externalities through advocacy coalitions (Gellert and Lynch, 2003, p. 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 the community prioritised employment in pursuit of alleviating poverty rather than environmental concerns (2017c). The EIA process which is the common tool to weigh the costs and benefits of future development projects is perceived to be unfavorable to the community. The EIAs are intended to carry out an independent study followed by rigorous public participation; however, the objectivity of the process is debatable. There is concern over the technical skills of community members who participate in the EIA process in comparison to the skills brought by the consultants that represent the potential investors. In most cases, community members become interested or affected individuals because of their

proximity to the area of future development. Participation is not based on the technical expertise of community members. The interviewee 2017a indicated that the EIA is perceived to be a flawed process. The reasons is because, investing company appoints the assessing company; assuming the 'player and referee' role. Furthermore, active participation in consultation forums is sometimes viewed by others as opposing the development envisaged, particularly by job seekers who need to protect potential job opportunities. 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 (2017a).

Public participation is also perceived as a meeting that enables investing companies to acquire an attendance register; a valuable document that can be produced during court litigations or when civil claims arise (2017a). Public participation meeting are sometimes publicised insignificantly in local newspapers. The advert can be overlooked easily by the community. Public participation process should be inclusive and representative of the whole or at least most of the community members rather than just confined to community leaders. However, if the playing field is not levelled, those affected are bound to withdraw from the public participation process. The interviewee 2017a stated that most of the farmers' participation in the development process of Lephalale was halted by the realisation that the mining houses yield more power over them.

The flawed public participation was also stated by Sibongile Mashaba, a journalist who published an article in the *Sowetan* (2016, p. 6) about an investigation conducted by the South African Human Rights Commission (SAHRC) into the socio-economic challenges affecting mining communities. The Mining Affected Communities United in Action (MACUA) holds the view that mining companies negotiate in bad faith. MACUA views mines as "a hole in the ground owned by a liar". Consultants have 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. Hlabane further raised concerns about the exclusion of communities from contracts signed between government and mining companies (*Sowetan*, 2016, p. 6). The non-visibility of government institutions as the

defender of the people will intensify tensions and protests in areas earmarked for future development.

3.7 Socio-economic impacts of Medupi

The development envisaged, as a result of the construction of Medupi had positive and negative socio-economic impacts on Lephalale. Though for a short term the local economic growth was impacted upon positively, it will be at the cost of long term social challenges that are likely to be endured. For example, Lephalale now experiences on the positive an increase in the standard of living, and on the negative an increased rate of crime, the emergence of prostitution as an occupation, the development of an informal settlement, and growth in the demand for the delivery of municipal services.

3.7.1 The socio-economic outlook of Lephalale

In the analysis of energy access to people living in poverty conducted by Kanagawa and Nakata (2008, 2017), poverty is described as "lack of the socio-economic welfare". Advancement of the socio-economic conditions comprises of health, education, income, and the environment that are 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, 2017, p. 1). Mbaiwa (2003, p. 448), citing Binns (1995), describes the socio-economic development as an all-inclusive approach comprising of 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, p. 448). Mbaiwa's (2002) definition encapsulates the description that is fitting to this study.

There is global concern over the socio-economic development, particularly of females in rural areas. It is mostly influenced by the economic situation and the social well-being of the population. The NDP 2030 acknowledges that the socio-economic challenges are often complementary to the scourge of natural resources in various municipalities where many households comprise of the following elements:

- 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 some in Lephalale consider Medupi as their primary source of job creation.
- Some municipalities are poorly managed or have limited human and financial resources 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, 2011, p. 161).

The construction of Medupi and the interrelated expansion of the coal mining sector imply a potential increase in the demand for the collective usage of municipal 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, p. 1). The advancement of infrastructure development in Lephalale attracts economic demands as an area of interest. The political activity in the community is more about the advancement of the socio-economic well-being. Some demands are more pronounced in comparison to others. Therefore, competition and conflict emerge due to divergent interests. Retaining and control of political power provides the means to advance the socio-economic interests. Van Der Waldt (2001, 139) stipulates that when a particular interest is dominant it is often at the expense of another and actors that yield more power are likely to dominate the interests in any political arena. Water is significant to human existence, yet it has not been central to the discourse in Lephalale. This is despite water being central to any future development. According to the interviewee 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, and only a 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.

3.7.2 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, a *Business Report* journalist that the 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 Coal 3 another power station, once Eskom's Kusile and Medupi power stations are 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 (Faku, 2013). Whilst there was growth in the local economy of Lephalale, it was not experienced by all the people. Hence, the employment of locals has been at the crux of instability in Lephalale (Faku, 2013). Furthermore, the construction of Medupi enabled the development of the consumption type of infrastructure comprising of the shopping mall valued at 170 million, the expansion of banks and car dealerships. This revelation was pronounced by the then 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 3 and half years. Additionally, the construction of Medupi facilitated businesses in the catering, laundry, transportation and labour camp accommodation. The interviewee 2017b, 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 multinational companies (2017b). Shalate Thobane of *Nshebele*, the local newspaper of Lephalale, cited Phillip Dukashe the Project Director of Medupi who stated that Eskom expended R3.5 billion 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 skills 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 one of the few contracts awarded to the local people. An established catering company, Fedics, assisted with the management of the LSS contract, but there was no skills transfer to the local people. LSS anticipates closure on termination of the contract with Medupi. The contract to BMI was awarded only after a protest march led by traditional leaders. Although business structures were created at the hype of the economic activities in Lephalale they are often characterised by infighting for key positions (2017b). As such the local community wrestles over the availability of employment and business opportunities. Active political participation provides a licence to employment and contracts, 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 communities. Any political party willing to enhance socio-economic development is often motivated by a need to retain political power after the election.

3.7.3 Growth of municipal rates

Lephalale experienced a short-term local economic boom from 2006 to 2014 during the peak of Medupi construction (2017c). The economic boom was short-term as the municipality was experiencing a budget deficit estimated at R17 million in 2017, a decrease from the surplus of approximately R75 million in 2016 (2017a, 2017c). Short-term growth featuring long term deficits and public debts are often experienced by many cities after hosting mega events (Cornelissen, 2010, p. 93). The doubled income generation capacity for the LLM was also generated through the rates and taxes in the 2013/14 financial year growing 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 interviewee 2017a. Another 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).

3.7.4 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 significant displacement to make way for infrastructure development, it experienced an influx of job seekers for project labour and an increase in the demand for human settlement. Interviewee 2017c stated that some job seekers used cardboards as provisional blankets and slept within the municipal premises until they could secure jobs at Medupi that enabled renting of housing. Interviewee 2017a stated that Lephalale has been experiencing apartheid era type of migration challenges due to the construction of Medupi. Employees are transported to the construction areas daily. The traditional family set-up is impacted upon as some of the workers from the nearby

villages such as Ga-Seleka village, situated approximately 60km from Lephalale, leave their 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, p. 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, p. 6). 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. Mega-projects developments have a harmful effect on the physical environment (Sovacool and Rafey, 2010, p. 98; Gellert and Lynch 2003, p. 19). There has to be a balance between the trade-offs to cater for the development that emerges as a mega-project.

3.7.5 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 values increased. 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 approximately R900 per month (2017a, 2017c). 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 unrest. The locals cannot afford the standard of living that was created during the economic boom of Lephalale. There is no guarantee of sustainability of the short-term improvements to the conditions of living. Particularly since South Africa is described in Abedian and Ajam (2009, p. 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 liquor (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 that was acquired as a result of the construction project (2017a). Whilst Lephalale is

experiencing coal mining and energy growth, the local municipality does not have sufficient capacity to deal with the imminent development (Srk, 2013, xviii). Skill is central to the completion of the Medupi project, the local people were perceived to be unskilled to perform most of the specialised work required for the Medupi project. Siseko Njobeni (2017), a journalist for *Business Report*, published an article in which Eskom blamed the contractors for the lack of skills and the knowledge required to perform the job at Medupi. According to interviewee 2017b, 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 benefits and opportunities offered. As such the locals of Lephalale developed a local mantra that says "nothing about us without us" (2017b). This mantra is also held by MACUA.

3.7.6 High wages

Medupi contract workers were perceived to be earning high salaries, estimated to be at R8000 per month, whilst some were perceived to be earning R500 per hour, i.e. R4000 per day. The former employees of Medupi will remain unemployable due to the high rate of salary accustomed to (2017b, 2017c). The high salary rate created an expectation of high salaries 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 workers during their businesses' peak periods. 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 behavioural change in some of the people and there was creation of employment in sectors that were previously not seen in the former one-street quiet town.

Interviewees 2017a and 2017c indicated 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. 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 and Lynch (2003, 19), could effortlessly become one of South Africa's HIV/AIDS high transmission areas. The locals, particularly young women, grasped the economic benefits of Medupi by viewing males as a 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, p. 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 an area of future research.

3.7.7 Unemployable labourers

Mega-project development provides temporary employment opportunities as many remain unemployed on project completion (Gellert and Lynch, 2003, p. 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, p. 249 citing USAID, 2009). Government often initiates "training layoff schemes" to soften the impacts of anticipated retrenchments (Gumede, 2011, p. 253). Eskom, on the other hand, initiated the Medupi Leadership Initiative (MLI) for the up-skilling of demobilised workers; citing Albert Pule (2014) who writes for the *Vukuzenzela* newsletter. The goal is to ensure employment in the local, small, medium and micro enterprises (SMMEs). Interviewee 2017a stated that it was noted that the training only takes place after the demobilisation process. Some downsized employees of Medupi will remain unemployed or fail to initiate businesses since entrepreneurship is not a skill for everyone.

Conditions of un-employability after the completion of infrastructure projects could be an area of future research. Similar to many mining towns, there is concern of the un-employability of the residents. The *Sowetan* journalist, Sibongile Mashaba (2016, p. 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 exists in the area of their residence and therefore remain un-employable.

3.7.8 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 the minerals-energy development (Aucamp and Aucamp, 2009, p. 5). A large number of the EIA documents were observed during a visit to the Lephalale Local Municipal Library on 01 and 02 March 2017.

3.8 Contested and non-contested policy issues

Eskom undertook to provide jobs and training to the local labourers and "incentivise industry partnerships" (Eskom, 2013). The pronunciation was conveyed to the Parliamentary Portfolio Committee on Public Enterprise (2013), and Eskom's Engineering, Procurement, Construction and Project Management Organisation which project manages Medupi and Kusile (Eskom, 2013). The entity pronounced an economic agenda for the people of Lephalale. Hence, employment of locals is dominating the political activity of Lephalale but pressing ecological issues are not highly-handed.

3.8.1 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 in its area of jurisdiction that are associated with the

objectives of securing development. However, many states are mandated to regulate the side effects within their territorial boundaries (Greene, 1997, p. 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 impacts are not adequately addressed. The 1960 Stockholm Conference created a legacy in putting environmental issues on the global agenda (Greene, 1997, p. 317) and has since impacted on the development agenda of many states, including that of South Africa. The political environmental changes of many 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, p. 318). Some international organisations work closely with the local environmental structures that have membership in Lephalale. Organisations such as the Waterberg Environmental Justice Forum (WEJF) and the MACUA influence the environmental, mineral, and energy issues through the Lephalale local media and door-to-door campaigns (WEJF, 2017). However, the LLM has authority over environmental defects in its municipal jurisdiction.

3.8.2 Economic factors

It is anticipated in the policy arena that one particular economical interest will dominate the agenda whilst other priorities generate conflict between competing parties (Van Der Waldt, 2001, p. 139). The conflict worsens 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 the Marapong Unemployment Forum (MUF), also known as the Lephalale Unemployment Forum (LUF) for employing job seekers from outside Lephalale. At some point, as articulated in the Action Voices Monitor (2016), the community activists formed coalitions in which the Marapong Unemployment Forum, the Ellisras Local Taxi Association (ELTA) and the WEJF planned a shutdown of the transport system. The shutdown was to ensure that the ELTA affiliated minibus taxi 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 of *Lephalale Mogol Post* (2017, p. 12). Furthermore, the Boraro Mmogo Investment (BMI), a company aligned to the Lephalale Taxi Association (LTA), acquired 25% stakes in the transportation of Medupi

workers. The BMI 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 BMI was attended by various stakeholders, including representatives of Medupi Power Station, the LLM, Lowveld Bus Services, BMI, Mitsubishi Hitachi Power Systems Africa (MHPSA), Lephalale Youth Council (LYC) and Traditional Leadership (2017b; Kruger, 2017, p. 12; Thobane, 2016). It is anticipated that the other taxi associations will contest the BMI in an attempt to influence commercial benefits from Medupi or other future development projects. In a nutshell, coalitions are forged to pursue common interests. Structures and coalitions are formed to advantage from the short and medium term benefits presented by the development. Some of the community structures developing in Lephalale are what Hodder-Williams (1984, p. 92) describes as "patron-client networks", elucidated in chapter 4.

3.9 Non-contested issues

The political spectrum can prevent important issues from entering the decision-making arena. However, it is difficult to concede that an exercise of power could eliminate unacceptable issues from entering the political arena (Hill, 1993, p. 52). The minerals-energy corporations situated in Lephalale are the principal employers yet the generators of ecological impacts. In comparison with the socio-economic issues, ecological and agricultural issues are not dominating the political agenda and are therefore excluded from the political arena.

3.9.1 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, p. 119), citing Turton (2008, p. 3), the country does not have surplus water for future economic development and social well-being. The water quality and quantity are not expected to improve due to the low rainfall and over-exploitation (Swilling, 2010, p. 120). Water is communal and affects all the users. Government's intended objectives will remain non-implementable if the water availability and allocation are 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 and the tributary Limpopo River (LLM, 2016-2017, p. 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 as an epicentre for development. The municipality intends investing in water infrastructure to counter the long-term implications of the proposed development (LLM, 2015-2016, p. 72). Although the development pathway requires additional water supply from Mogol and Limpopo Rivers (LDP, 2015, p. 20), water shortage is not contested in Lephalale instead economic benefits are still a priority to the locals.

Interviewee 2017b acknowledged that the weather of Lephalale has changed to become drier. 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 are issues of future discourse, the scarcity of water 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. 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, MCWAP Phase 2 will be a source of additional water supply for the community, a project that is yet to resume.

According to the Government Communication and Information System (GCIS) 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. Creamer Media published an article in the Engineering News (2010). It states that "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. Mokolo Dam through Grootegeluk Coal Mine, the agent of the Department of Water Affairs, provides 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, p. 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. The LLM has to assure security of water supply to the growing consumers within its municipal jurisdiction. The community is agitated by 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. Exploitable behavioural change entails 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 is instrumental to rebuilding the biological capacity of soils and moisture retention capacity in the top layer" (Swilling, 2010, p. 120).

3.9.2 Distribution of water

According to the Environmental Management Framework for the Waterberg District Status quo report (EMF, n.d) citing RSA (1970), Mokolo dam yield 39 million m^3/ annum. The irrigation development decreased the yield to 23 million m^3 /annum (EMF citing DWAF, 1992). Citing DWAF (2001b) Matimba power station's allocation is 7.3 million m^3/ annum, the coal mine is allocated 9.9 million m^3/annum, Lephalale's domestic water supply is allocated 1.0 m^3/annum and 10.4 m^3/ annum is allocated for the irrigation. The required combined capacity during the period May 2011 – July 2014 was 50.4 million m^3/ annum. MCWAP phase 1 is targeting the delivery of 50.4 million m^3/annum. The expected ultimate Mokolo system capacity after commissioning of the Crocodile River (West) transfer system is expected to be 28.7x10 million m^3/annum (long term yield of the Mokolo Dam less the irrigation downstream of 10.4 million m^3/annum). The exact quantity of water availability

from Mokolo Dam depends on the year in which water transfers will be completed" (Department of Water Affairs, 2008, p. vi-viii). According to interviewee 2017c, mining activities may not require the same amount of water due to technological advancement. According to the EIA 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 (Eskom, 2010, p. 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 (LLM, 2015-2016, p. 72). This will only be achieved if the municipality's MIG is effectively spent coupled by an improved rainfall. Investing in municipal infrastructure and development is difficult during short or medium term 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; it should also 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 and Sullivan (2017, p. 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.

3.10 Agriculture and energy trade-off

The monetised 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, p. 195), pointing to the emergence of socio-economic development. 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, p. 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, p. 135). Whilst Medupi and the coal expansion is expected to benefit the economy, the senior editor and chief correspondent of *Circle Blue*, Keith Schneider (2016), critiqued 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 and Lynch, 2003, p. 19). Dissimilar to other past developments of Lephalale, notably Matimba and Exxaro, the construction of Medupi attracted unending criticism from academic and media writing. 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, p. 130; LLM, 2016-2017, p. 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 economic growth. Lephalale typifies an area where the coal mining industry is advancing on the "best agricultural land", as described by Sharife and Bond (2011, p. 288) citing *Business Live* (2011). This view is also held by an interviewee 2017b who described Lephalale through an Afrikaans word "platteland", i.e. plain/flat land, because it is natural and easy for farming. Some of the farmers traded agricultural land for mining and energy operations. Farmers surrounding Lephalale town will also lose out on the forthcoming opportunity to trade internationally. 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, p. 19) stating 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 creates an environment that exposes the South African beef industry to the potentially lucrative international market. Beef is considered to be "a rich man's meat" in China as articulated in *The New Age Newspaper* (2017, p. 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 a 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, p. vii). Game farmers were anticipated to lose significantly. Game is more profitable than agriculture (Srk, 2013, p. xvi). The shift from agriculture and ecotourism to mining means loss of income and land for some farmers (Srk, 2013, p. vii). In addition, coal mining is displacing the natural vegetation and the residential features. The Limpopo West Mine did not begin to operate in 2015, as observed by Valerie Cilliers (2013) in *Northern News* (2013). 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 MCWAP phase 2, as well as on the domestic market for thermal coal (Cilliers, 2013). Water shortage will hamper any anticipated development in Lephalale. 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 a tributary, a water source in the area where cattle, game and crop farming are the main economic activities.

3.11 Conclusion

Individual self-interest dominates; hence the focus of benefit is on the socio-economic factors rather than sustainability. The temporary economic boom of Lephalale will create mistrust between government and the locals in the realisation that it is not sustainable in the creation of employment and business opportunities. Lack of growth and employment create social tension and the public policy arena becomes an arena of competition to influence the available limited resources (Parsons, 1999, p. 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 at the end of apartheid. The South African contestation is expected to last over a long period of time given that the post-apartheid government inherited a society described in Parsons (1999, p. 13) as "highly politicised and unequal". Additionally, South Africa's ending of apartheid created an opening for globalisation (Parsons, 1999, p. 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 the democratic South Africa (Parsons, 1999, p. 5, 7). This is the situation particularly in Lephalale where the community's expected benefit is often more than the offers made by companies.

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

CHAPTER 4: THE POLITICS OF DEVELOPMENT

4.1 Introduction

Dominating the policy agenda are issues filtered through protests, coercion, or the construction of incentives (Shively, 1997, p. 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 unevenly distributed power is borrowed from Ham and Hill (1993, p. 67) and Van der Waldt (2001, p. 142). It describes the configuration of power dictated through the "patron-client form of networks" where "political relations are considered extensions or primary dimensions of economic relations" as articulated in Hodder-Williams (1984, p. 98) citing Owusu (1970, p. 5). Policy analysis involves the creation of "political relations, coalitions and conflicts amongst decision makers, the history of previous policy reform efforts, individual personalities and agendas, organisational routines and other factors" cited by Howlett et al. (2009, p. 21) citing Weiss (1977a, 1977b), Sabatier (1987) and Schulock (1991). Influenced by limited resources, decisions could endorse inequality and poverty that have a bearing on the living conditions of the masses. In particular, where the government processes are manipulated to advantage supplicants who are contending for jobs and political favors. It is also acknowledged that limited resources also create tensions between migrants and locals competing over available resources and opportunities in Lephalale (Srk, 2013, p. xviii). Coalitions are created to neutralise or challenge the dominant views or the existing divergent views or networks, thus creating a fertile ground for conflicts. Understandably, an exercise of power provides a perspective on how the socio-economic impacts are shaped within a society; a reality associated with the minerals-energy environment and other developmental areas country-wide and globally.

4.2 The model of conflict

The concept of conflicting interests is best described as an "organisation of production, distribution and consumption of wealth within a particular society" (Schoeman, 2006, p. 234). It is mostly characterised by tensions between benefiting communities and the corporate sector. The German philosopher and the political economist, Karl Marx, with his friend and colleague, Friedrich Engels, classified 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, p. 36). In the post-democratic South Africa the policies had to respond to the socio-economic conditions of an economy that was systematically designed for separate development. Hence, the class of contenders are mostly blacks. Visible competition amongst existing organised structures continues to struggle for the domination of the minerals-energy benefits of Lephalale. The mobilisation of communities to protest for employment opportunities from Medupi and other corporate structures in Lephalale is driven by a need to access the negotiating arena, the only identifiable means towards the achievement of political and economic power. The sequence of a conflict is specified in the "model of political conflict" presented in Van der Waldt (2001, p. 141) citing Anstey (1991, p. 14).

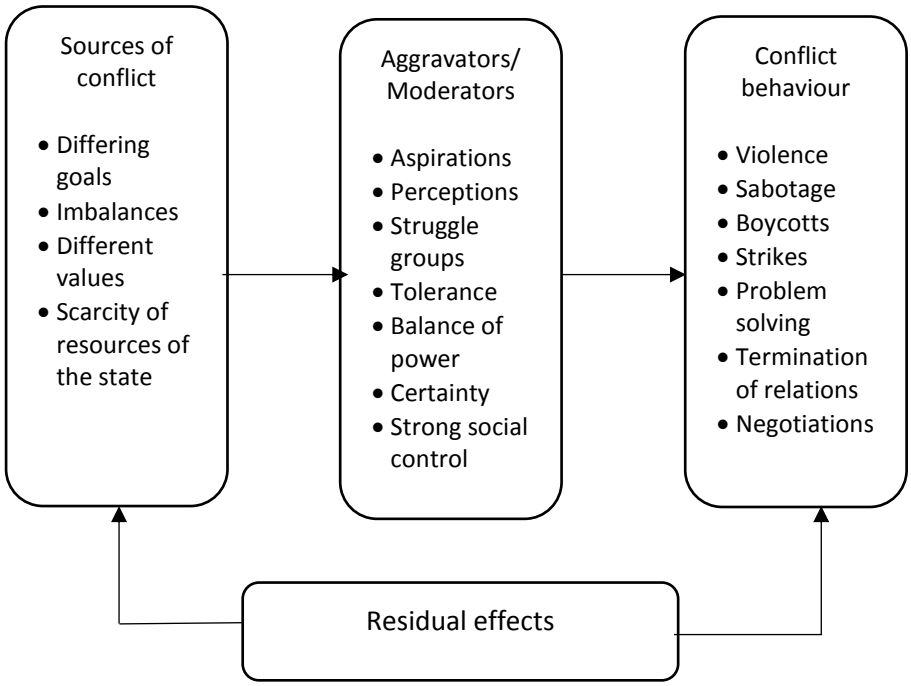
The view that the policy process is endorsed through conflict is also held by Howlett et al. (2009, p. 27). Community protests in Lephalale are characterised by persistent demands for the employment of locals and confrontation between the community and the police. Media outlet *News24* provided coverage of Medupi's protracted and violent strikes as they became life threatening (Hartleb, 2015). 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, p. 92). The concept 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 or unprincipled political leaders who fear loss of political power (Hodder-Williams, 1984, p. 89).

Figure 4.1 below depicts the model of conflict borrowed from Van der Waldt (2001, p. 141) citing Anstey (1991, p. 14). The model describes the most common sources of conflict. Linked to the sources of conflict are the aggravating circumstances that often lead to outcomes. The violent articulation of demands is often preceded by community meetings and engagements with relevant stakeholders (Berkhout and Handmaker, 2010, p. 7). In Lephalale, community mobilisation follows a pattern wherein the community leaders engage the mayor before opting for violence as a bargaining tool. Control over the limited employment and business opportunities is the main source of political conflict in Lephalale. Conflict is 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, 2001, p.139 citing Coser in Anstey, 1991, p. 2). Political conflict is defined in Van der Waldt (2001, p. 139) 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, and
- Conflict that is rooted in people's beliefs about goals, as opposed to objective facts.

Figure 4.1: The model of conflict



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

Destabilisation in the articulation of demands is not new to South Africa; it dominated the struggle against apartheid. The pattern has since become widespread following societal unrests, coupled with 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). Since the corporate sector was instrumental in constructing an arena for the pre-democratic negotiations, it systematically substituted race with economic class (Terreblanche, 2012, p. 12; Pilger, 2006, p. 258). Corporate power secretly and publicly met with the ANC to secure white privilege (Pilger, 2006, p. 257). The

private and public partnership model of development in the post-apartheid era legitimised corporate influence on the socio-economic setting.

4.3 Authoritative allocation of resources

Instrumental to the political conflict is the notion of "authoritative allocation of values" described by David Easton (1956, p. 7) cited in Hodder-Williams (1984, p. 89) and in Van der Waldt (2001, p. 142), the latter quotes Kingdon (1991, p. 6). Political leadership positions grant the bearer of power, control and authority over the allocation of limited resources. At most, political leadership earns status and power through political activity (Hodder-Williams (1984, p. 95). This contestation for power intensifies to an extent 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, p. 126), who states that "access to power, the tried and tested way to prosperity, is hotly contested". Political leadership contestation within the ruling party of South Africa creates infighting that has become visible to outsiders. Understandably South Africa's economic system propels contestation for political leadership. Though, political leadership indirectly controls the allocation of limited resources, absolute power is still concentrated to the owners of production. 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, p. 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). Numerous economic policy directives were promulgated after GEAR, such as the Accelerated and Shared Growth Initiative for South Africa (ASGISA), the New Growth Path (GNP) and the National Development Plan-2030.

Pilger (2012, p. 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 would "trickle down" to create employment for 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, p. 66, 72; Schoeman, 2006, p. 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 tends to be more successful during wage negotiations" (Terreblanche, 2012, p. 77). This would negate global investment and potential growth for the economy.

Currently, employment and business opportunities as well as social security are the only viable buffers to the socio-economic development. Statistics SA (2017, p. 27) recorded an increase in the number of social security beneficiaries from 12,7% in 2003 to 29,9% in 2016. Household beneficiaries increased from 29,9% to 44,8% during the same period. An estimate of 37,6% of the recipients reside in Limpopo Province in comparison to the 16,9% situated in the neighboring Gauteng Province. The majority of grant recipients are blacks at 32,9% in comparison to the 27,2% coloured population. The Indian recipients amount to 11,5% and 6,2% comprise of the white population group (Stats SA, 2017, p. 27-28).

The weakened economy will certainly escalate government's social welfare expenditure. Socio-economic demands can become politically threatening for the ruling party, hence the development of welfare programs. Terreblanche (2012, p. 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 be accountable for the exploitation of black labour and ecological damage (Terreblanche, 2012, p. 72). 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, p. 6). 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, p. 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, p. 29 citing Colás and Saull, 2006, pp. 1-8). There should be concerns about the absence of the socio-economic development that would enable change to the livelihoods of the people in the post-apartheid era. The consequences of 'neo-liberalism'

cannot be diverted forever as it facilitate skills importation for complex and complicated technology required for projects like Medupi. Furthermore, the CSR programmes cannot be used to cushion the non-distribution of wealth. CSR programmes are minimally funded and only benefit a small fraction of the population. Corporate has dominant powers over the socio-economic benefits. Hence, highlight the notion that "government's authority can become an empty legal (activity) (*de jure*) with real (*de facto)* power" (Van der Waldt, 2001, p. 141).

The government has authority to promulgate laws binding to every citizen; however, the policy environment can be manipulated by policy actors that yield financial power. Prudent political leadership is the means for the authoritative allocation of limited resources. 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, p. 295; Ramphele, 2012, p. 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, p. 296).

4.4 Power relations in Lephalale

The economy is faced with the demands to create employment and to address the "socio-economic backlogs" (Ahwireng-Obeng, 1999, p. 259). Whilst there is legitimacy for the demands for employment, private interests often mingle and meddle with lawful socio-economic demands to redirect wealth to specific beneficiaries; thus, mobilising the community in pursuit of self-serving interest. This is mainly due to the limited resources. Many local economies, including that of Lephalale are unable to create employment and business opportunities for those eager to participate. Conflict has become a means of survival, particularly in poverty-stricken areas. This is common in areas where "political action is essential for economic advancement and survival" (Hodder-Williams, 1984, p. 93). This analysis is borrowed from the "extractive view of political power" articulated by Hodder-Williams (1984, p. 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

control of the limited resources require substantial political effort (Hodder-Williams, 1984, p. 92, 97).

The political culture adopted in African countries utilises "political power as license to advance economic self-interest" (Hodder-Williams, 1984, p. 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 ANC's use of state resources as the source of patronage to benefit loyal and worthy members is a countrywide phenomenon. It often encompasses politicians, their associates, legislators and public servants (Ramphele, 2012, p. 7, 128). Essentially, the practice is indirectly influenced by the business sector as well as groups with similar interests. As stated in the analysis of South Africa's education crisis by Ramphele (2012, p. 146) ANC's 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". The conflict in Lephalale is motivated by contest amongst aspirant leaders vying for recognition, political power and control. The mayoral position provides stature and power over the economic benefits. Irrespective, South Africa has some loyal and principled public servants and politicians who are eager to advance the public interest.

Political 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 political leadership is in power they sometimes swap positions to become the beneficiaries of affirmative action contracts and the distributor of key positions. South Africa similar to Western countries, offer the post-democratic elites "lucrative and highly regarded jobs" after the lapse of their term in the political office (Hodder-Williams, 1984, p. 96). It is anticipated that the future political leadership of Lephalale will emanate from the local political structures competing for community recognition and acceptance. The political leadership and structures wields power over the "social license to operate" in Lephalale (Aucamp and Aucamp, 2009, p. 6). The wavering rules over social licenses to operate are also set by traditional leadership structure. The traditional leadership's power over land use creates another complexity for many developmental projects.

Nonetheless, political and traditional leadership structures should seamlessly coexist for the betterment of the population. Apart from the political structures competing for political

power, organised structures that exist in Lephalale are often blamed for being aligned to individual leaders. This is mainly because the political leader is perceived to be the grantor of economic benefits. The Marapong Unemployment Forum (MUF) also known as Lephalale Unemployment Forum (LUF) and the Lephalale Youth Council (LYC) have been contending for recognition and support from the community. The LYC has been accused of influencing and protecting the then Municipal Manager's vested interest in privatising the municipality to the benefit of the Lephalale Development Forum (LDF). The LYC on the other hand, openly defended the relationship between the LLM, Exxaro, Eskom and LDF as far back as 2013 (Ntshebele, 2013). Interviewee 2017b perceives the LDF to be privy to the future development projects in the area. The LDF is an organised structure comprising of big role players such as Eskom, Sasol, Boikarabelo Coal Mine, and the local municipality. Interviewee 2017a indicated that Eskom through the LDF up-skill by providing bursaries. Conflict will continue in the future if the anticipated socio-economic benefit is exclusively for the advantage of the elites. Interviewee 2017b perceives LDF as an organised structure serving the interests of the select group. Control over the economic means of survival is influenced through recruitment of preferential candidates as well as the allocation of preferred businesses.

4.5 The political influence and networks

The politicians are attentive to the preferences of the electorate as they can exert indirect influence through their vote (Hill, 1993, p. 51 citing Dahl, 1961, p.101). Hodder-Williams (1984, p. 98) citing Chinua Achebe (1966) in the novel "A Man of the People", illustrates the perception of political influence in which a corrupt minister is re-elected as he or she is perceived to be in control of positions and financial resources. 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). This view that the Bulk Recruitment Programme is influenced to benefit those close to the political leadership of Lephalale is also held by interviewee 2017a. The mayor's interference in the bulk recruitment process of the coal mines and the power stations was contested by the LUF during a protest in October 2016 (Ackroyd, 2016). Although there is no substantial evidence to prove interference, the DA ward councillor of Marapong instead raised concerns about the interference of the community-led steering committees in the appointment of a community liaison officer for projects. Irrespective of the perceptions held about a political

leader or an organisation, the voters continue to legitimise their authority by voting them back into power.

Political leadership is an endowment for power and influence. Another political influencer is that many African states have long been blamed for using state resources to preserve the positions of power (Hodder-Williams, 1984, p. 95). Institutions of state provide tools that benefit some groups whilst others do not acquire similar rewards. To illustrate, the LLM's website is in favour of certain local news, such as the visits by the African Development Bank (AFDB) to Medupi (LLM, 2017(b), p. 1). News dispatched also includes the protest of 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 group's demands were directed at Eskom's Medupi, Matimba, Lowveld Bus Services and Exxaro. The demands include skills development, CSR, demands for land to address economic transformation, donations 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 into SRC elections.

In response to the demands, 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, 2017a). There was no similar reaction in response to the demands made by the LUF, even though some of their demands were similar to the demands of the Shangoane Concerned Group. Institutions of government are therefore likely to be influenced to the benefit of some groups to the disadvantage of others. In practice, decisions enter the political arena only if they are communicated, and some are not politically contested. In that way, political influence can be used by the elites to retain the status quo and to advance the privileged group (Hodder-Williams, 1984, p. 94).

4.6 Political inactivity

Some issues are not contested because political activity does not prioritise them as policy issues. In most cases unresolved issues emerge and require intervention. However, there is mounting pressure from a number of informal structures that are organised to influence the decisions and activities of the private sector, whilst demanding accountability from the public sector. The social security is still the buffer for the South African government; the socio-

economic conditions remain a concern and they continue to dominate the political spectrum. The MACUA and Mejcon-SA articulated the socio-economic challenges faced by the mining communities during the HRC hearing in 2016 (Mashaba, 2016, p. 6). Those contesting have gone to the plateau of global social justice movements such as the Earthlife and Groundwork, and mobilisation is also rising within the Lephalale municipal area.

The reality is that "governments generate their own interests", and in that only certain issues form part of deliberations (Van der Waldt, 2001, p. 139). The LLM is instrumental in mobilising bias by ensuring that only certain issues form part of the political discussions in Lephalale. Apart from communication apparatus in the municipality, speeches by political leadership and media can be used to mobilise bias to the advantage of decision makers. Whilst there are pressing ecological issues that need consideration they do not often dominate the local media agenda. The local media, the Mogol Post newspaper (2016) focused on issues of local economy, particularly those relating to entrepreneurship and corporate social responsibilities. Media coverage is expected to focus on pressing ecological issues in the future. The newspaper published:

- Cooperation between the municipality and the Department of Social Development on food parcel donations in Shongoane village. Shangoane is situated approximately 80km from Lephalale.
- The public relations articles on a B-BBEE empowerment transport contract between Medupi and BMI minibus taxi operators (Mogol Post, 2016, p. 20; Kruger, 2016, p. 12).
- Media coverage of Exxaro's road awareness campaigns (Wells, 2016, p. 20).

Political leadership speeches are sometimes confined to issues that are not politically threatening. The speech by the former President Jacob Zuma during the official opening of Unit 6 of Medupi spelled out the socio-economic developments brought by Medupi to Lephalale. The development was reported to have channeled employment and business opportunities, particularly to the locals. The former President further made pronouncement that the skills transfer of boiler-making and coded-welding was imparted to the locals (The Presidency, 2015).

Another influencer of political inactivity happens through co-optation of stakeholders. Stakeholder meetings are forums that should enable the deliberations of both contested and non-contested issues; however, it is not always the case. The interviewee 2017c believes an improvement in stakeholder relations with Eskom was advanced by the cooperative personality of Medupi's Project Coordinator; Phillip Dukashe. The former Project Coordinator, Robin Cooke was considered to be reluctant in engaging with some community stakeholders. Additionally, the hosting of the SMMEs' information session between Eskom, Medupi, Matimba and Boikarabelo Coal Mine forge working relations with the emerging entrepreneurs of Lephalale (Mogol Post, 2016, p. 21). Co-optation provides an arena to publicly deliberate economically threatening issues.

Lastly, municipalities have limitations with regard to regulating and monitoring of major energy and mining projects of Lephalale. The revelation about the involvement of the ANC through its 25% stake in Chancellor House limits municipal engagement with the big corporations operating in the minerals-energy sectors. Chancellor House was the first of the countless cases of possible corruption involving the construction of Medupi and Kusile. The involvement of the ANC through its 25% stake in Chancellor House limits municipal engagement with the big corporations operating in the minerals-energy sectors. Chancellor House is the investment arm of the ANC with a focus on mining investment, logistics and infrastructure development (Ramphele, 2012, p. 9).

Political activities have become critical in that they can either be "economically disastrous or rewarding" (Hodder-Williams, 1984, p. 95). There is increasing political participation and articulation of dissatisfaction from communities, including the use of violence. Low income, less education and initiating contact with authorities has often been associated with political inactivity and induce political stability as well as the preservation of political power (Hodder-Williams, 1984, p. 92). However, that is changing, as more people are getting involved in political undertakings. Though, participation generates varying perspectives, it is often an outcome of powerful interest groups and some do not have an understanding of the real challenges facing the public (Howlett et al., 2009, p. 29).

4.7 Corporate social responsibility

In untangling Lephalale's socio-economic conditions, attention is placed on the description of South Africa's growth articulated by Bond (2008, p. 1038) citing Bond (2005), Pilger (2006) and Klein (2007) who stated 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 the 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 shareholders against the role of contributing to the well-being of the stakeholders. CSR is instituted to soften the conflict and divert attention from the socio-economic challenges and can be used to avert a politically threatening situation. In the study conducted by Bachrach and Baratz (1960) cited by Hill (1993, p. 52) "certain appointments, establishment of task forces and welfare" are instituted to prevent poverty from becoming a politically threatening event.

The description of CSR is articulated in Hamann, Kapelus and Ndlovu (2010, p. 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 the external environment (Pearce and Robinson, 2003, p. 3). The concept of CSR was not commonly used in the 1920s to the 1980s. However, authors cited in Montanari, Morgan and Bracker (1990, p. 362) revealed that there was a debate about the responsibility of business towards the community. Sheldon (1920s) stated that the key responsibility of management in an organisation is to provide service to the society and community, while Levitt (1950s) warned against 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 disadvantaged and be helpful with environmental harm (Montanari, Morgan and Bracker, 1990, p. 362). CSR was motivated through the global arena in the 1970s and 1980s when the Sullivan Principles provided guidelines in 1977. The purpose of the guidelines was to pursue human rights values through the discouragement of discriminating labour practices in South Africa (Hamann, Kapelus and Ndlovu, 2010, p. 55). In the past big corporations that engaged in

social responsibility did not change their focus of profit making. A danger prevails when big corporations succeed economically, whilst the state is unable to provide the minimum services and therefore, fail to regulate the activities of corporations (UNRISD, 2000, p. 77). According to Rockey (2002, p. 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. Therefore, CSR should be regulated to ensure that the socio-economic conditions of the local population benefit from the business activities in their location.

Most of the definitions on CSR are focused on accountability of business to the society it serves (Montanari et al., 1990, p. 365); however, not much can be said about the sustainability of CSR programmes on the community. Blowfield and Frynas (2006, p. 503) in Fig (2007, p. 9) described the concept from an environmental perspective, termed the Corporate Social Environmental Responsibility (CSER) as an acknowledgement of the 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, p. 8) uses the concept CSER, and criticises South African companies that prefer to use the term CSI. Conceded through CSR or CSI philanthropy, project developers have an opportunity to develop or up-skill an area where they benefit or extract resources. Social responsibility is "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, p. 362). Corporations are increasingly developing an interest in the legal constitution, its social responsibilities to the society, protection of the environment, and the constituencies to which it accounts (Dunphy, Griffiths and Benn, 2007, p. 7). They are increasingly pressured to protect the corporate image of their companies; hence they are receptive to the CSR approach.

Regulation will prevent the use of CSR programmes for the advancement of the corporate image of companies (Pearce and Robinson, 2003, p. 6; Hague and Harrop, 2007, p. 379), rather than an advancement of the socio-economic development. Dunphy et al. (2007, p. 81) describe the following as some of the reasons binding business to comply with government regulations on CSR:

- 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 the 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, thus demanding a proactive approach.

Many companies put emphasis on the development of a corporate social responsibility strategy to shape their intended contribution to sustainable development (Hamann, Kapelus and Ndlovu, 2010, p. 49 - 50). However, until the implementation of CSR is mandatory, the application may not receive the required consideration from profit-making corporations. Corporates' claim of consideration for local poverty, disparities, and environmental factors is sometimes viewed with suspicion. This is mainly due to the trade-offs made by the local communities to cater for the development (Bond, 2008, p. 1038 referring to Klein, 2000 and Bakan, 2004). For example, the water trade-offs made in pursuit of the coal-mining extraction for exportation.

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. There is growing knowledge of the socio-economic injustices of communities. However, most often a response is attained through conflict. Global companies' operations and future survival in areas are increasingly influenced by the relations with communities and the ethics displayed by the companies. 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.

Eskom's initiative of the MLI illustrates the skills transfer inconsiderate of the evolving skills to cater for the future human resource needs. MLI training by Eskom does not take into consideration the slowing 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 focusing on the coal mining and construction sector to cater for the anticipated special economic zone of Lephalale. The skills

requirements will genuinely need an understanding of the health implications associated with the current and future development needs of Lephalale. The businesses operating in Lephalale could be contested to account on some of the following areas:

- Activism will in future question the corporates that establish a CSR programme to address the HIV/AIDS ailment, rather than addressing the solitary same-gender accommodation mainly for men in comparison to a family set-up type of shelter. Solitary same gender accommodation encourages multiple partners and increases the risk of 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.
- Environmental subjugation resulting from the minerals-energy set-up.

4.8 Conclusion

The power to influence decisions is dominated by proximity to authoritative leadership; in that way the notion of elitisms becomes a normalcy. Power concentrates in the hands of the political leader with authority over the allocation of resources. However, the authority is often manipulated by leaders who advance self-interest. Political leadership is the arbiter for the authoritative allocation of resources. 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 gain an advantage from coalition with the larger corporates in Lephalale. Though corporations are showing increasing interest in social responsibility, the CSR continues to be the business defender against communities that are rebelling against the unintended consequences of development. CSR necessitate binding and mandatory policy intervention. It should not be viewed as a choice but a commitment, and neither a replacement to government's service delivery. Government's authority is empty because it is manipulated. It cannot guarantee the "trickle down" of wealth needed to eradicate poverty, unemployment and inequality to ensure sustainable livelihood to the majority in the community.

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

CHAPTER 5: FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

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 research report. It also concludes the study.

5.2 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 from the local communities, to the benefits and opportunities presented by the agenda of the national government. Subdivision and protests intensified as more people feel inclined to benefit from the development taking place in Lephalale. The endless conflict and campaigns in the community of Lephalale provide a basis to study how policy issues can be generated and placed on policy agenda in a municipal environment.
- The LLM's authority over the activities of Medupi and the growing coal mines are limited; development is conferred in the national government departments.
- Medupi is contracted to multinational corporations that hold more power over who benefits, when, and how. Thus, the corporate sector has advantage over the allocation as well as the distribution of employment and business opportunities brought by development.
- 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 decision-making arena. The notion of the "extractive view of power" is used by the elites to retain the *status quo* that enables them to rule and advance the privileged group. In addition, the local business sector is also organised to grasp opportunities and extract minimal benefits presented.
- 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 ecological issues such as water shortages and its distribution that requires immediate attention:

  - The LLM 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.
  - Citing Bond (2008, p. 1051), the corporate powers' economic and political survival depends on the struggle for power. Political power is derived from attaining access to the political system and there is competition to attain it.

- Elitism has become the most prominent and acceptable practice in view of 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, p. 7) about the management of the new normal, which is 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 political leadership in both the public and the private sector.
- The involvement of the ANC-led Chancellor House in Medupi expose the nature of elitism created through private and public partnerships.
- 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 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 seeking to influence the allocation of resources that are driven by an indistinguishable hidden agenda of private interests and the will for individual gain.

- 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, ecological issues are still a non-issue for the people of Lephalale and have not received any significant attention.
- Corporates are perceived to have the financial and legal power to direct decisions to their benefit. The financial power of the mines and Eskom enable them to transact with resisting individuals within the community (2017a).
- Constructive public participation in decisions involving coal and energy sector requires input from community members who are knowledgeable about the sector. Participation should not be assessed from attendance, but also by the authority and value of contributions made. The language and the knowledge base of many South Africans is still inadequate and deprive many of the 'right to participate' in the decision-making arena.
- There is concern that the excavation of coal will not safeguard the reserves to cater for the future generation. Government should, therefore, develop a 100 - year reviewable plan for the coal mining development of the Waterberg area. The long-term approach is already applied in the energy sector, where the energy mix is projected according to the projected 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 ends. Any intended and future development should first consider the socio-economic impact on the living conditions of ordinary people within the communities. Failure could cause other forms of migration and endless conflicts.
- The CSR continues to be used by the business sector to profit in an unstable environment and to silence rowdy communities.
- Whilst the communities demand to be uplifted, there is no clarity on whether communities possess the skills required to manage the CSR project donated by companies operating in their areas.
- 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.

- Lack of binding CSR legislation denotes that corporations can renege from social responsibility commitment 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, p. 19). To a large extent, the growth and the company's profit margins inform the CSR spending.
- Voluntary accountability through CSR can easily fuel dissatisfaction from communities towards companies (Fig, 2007, p. 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, p. 9).
- Integrity of the consultation and public participation process in Lephalale is debatable. Vested interests and the association between the ANC and the mineral and energy players restrict impartial participation in the decision arena. The bureaucrats in the LLM, local farmers, NGOs and community members are the most affected. 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.
- The ruling party in Lephalale have to appease the community by articulating the posture appearing to be beneficial to the community. This is mainly because the citizens can vote out of power any government that is deemed to be unbeneficial to them.
- According to the NDP vision 2030 and the LDP 2015 - 2019 Lephalale is the future nodal development point. 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 of skill 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 needs.

- Other forms of infrastructure like sporting mega infrastructure provide long term benefits after the hosting of mega-events. For example, consensus is reached on the establishment of "multifunctional and multi-purpose competition venues to expedite community sport usage or tourism" for sporting infrastructure (Cornelissen, 2010, p. 98 citing Higham, 2005). However, the minerals-energy infrastructure does not provide a similar benefit on the lapse of its life span. It will be challenging to reach a typical stance after the lifespan of the minerals-energy environment created in Lephalale.
- The LLM does not have any specific programme to address all the socio-economic impacts associated with mega-infrastructure development such as Medupi or other related 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 LLM mostly addresses the symptoms of development taking place in Lephalale. An effective socio-economic plan by the municipality can be addressed only if the ecological costs of Medupi and other related costs of development are identified. The cost should take into account the current minerals-energy set-up of Lephalale, the presence of Matimba power station, Exxaro, and Boikarabelo coal mines as well as the projected expansion of agricultural sector and human settlement development.
- The national government departments together with the LLM should develop the policies and practice to safeguard the interests of future generations.
- Development is only achievable if it conforms to the "social values and institutions" of the community (Mbaiwa, 2003, p. 448). Therefore, political leadership positions should consider regulating the minimum educational qualification to hold a public office. Reason being decisions made by the political leadership in municipalities' impact on the socio-economic conditions of many people, particularly those living in poverty.
- Effective governance and government institutions willing to account will enhance confidence and trust between government, the business sector and the local communities of Lephalale.

- Whilst any construction cultivates negative perceptions, capacity building for the maintenance of Medupi could build a sense of ownership if it is amongst the locals and could nurture relations with Eskom.
- 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 of the locals.
- 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 for future government projects in South Africa. Small scale energy development projects could prevent delays, corruption and social instability in future development projects. However, monitoring and securing such facilities could be a dreary exercise for the state.
- Intensify skills transfer and education in areas critical for the economic development of Lephalale and other areas earmarked for future development. There is a belief that a local person can be mentored to occupy a key position, such as the 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. Clearly, business and employment are currently the potential areas of economic benefit that are viable to uplift the standard of living in Lephalale.
- Honesty is the basis for the creation of trust between the Eskom, LLM and the community structures of Lephalale.

5.3 Conclusion

In conclusion, the study identified the dominant issues of Lephalale and the reason behind some issues dominating the decision-making 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 for ecological issues such as safe water and a safe environment. Lephalale is a developmental nodal point in the province, and as a result education should develop the technical skills that will be required to advance the future projects, the socio-economic conditions of the locals and the negative impacts associated with development.

The education of locals should advance and nurture the skills suitable to grow the 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 on the advancement of the people. There is no legislation that binds companies to improve the socio-economic conditions of their operational areas and to keep the environment sterile for human existence.

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