

Uranium in the Karoo: What would be the implications for local economies in the Karoo?



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Outline of presentation

- The study area: Beaufort West**
- Partnerships in sustainable
development**
- Planning of mining towns**

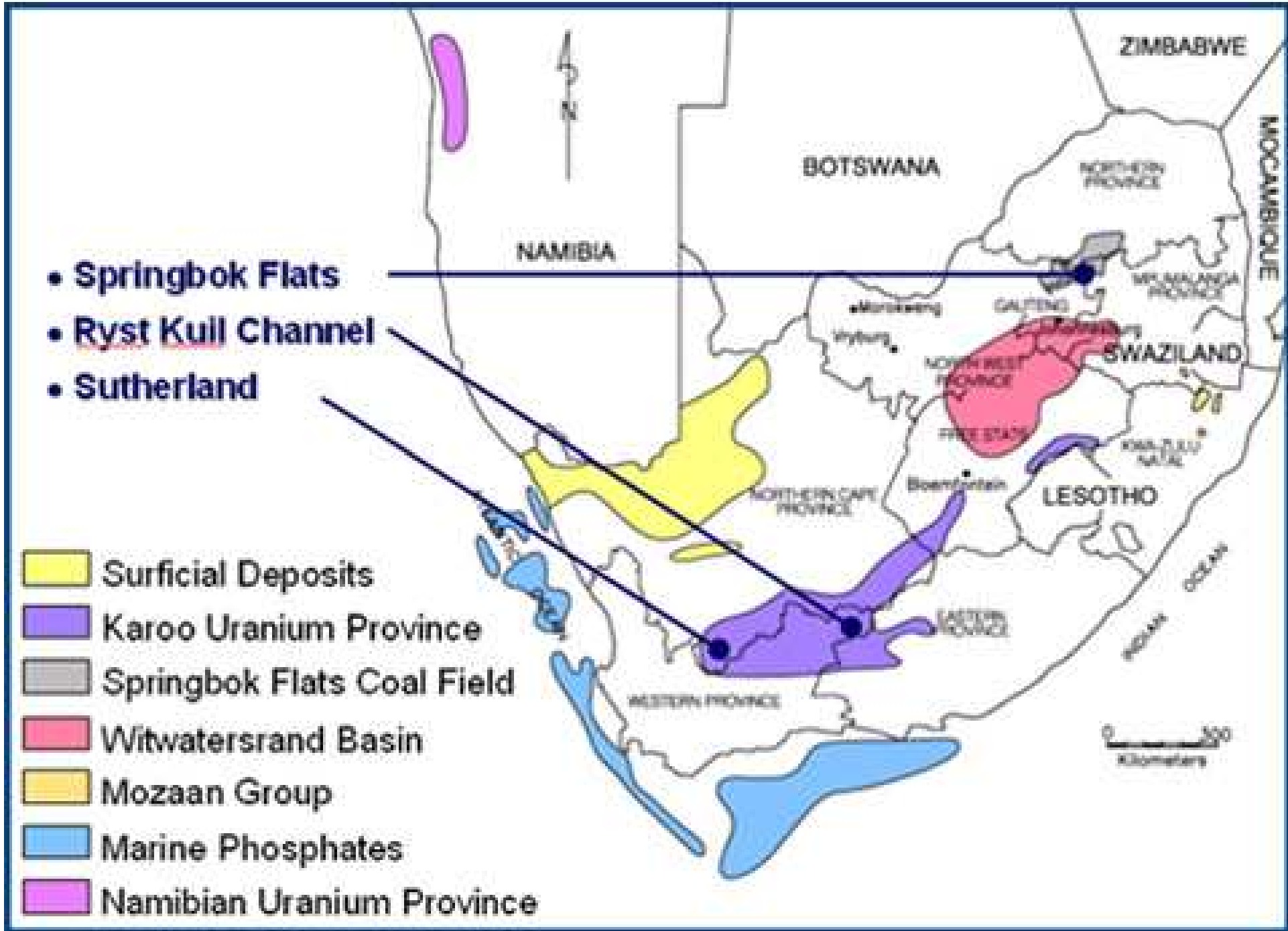
Beaufort West

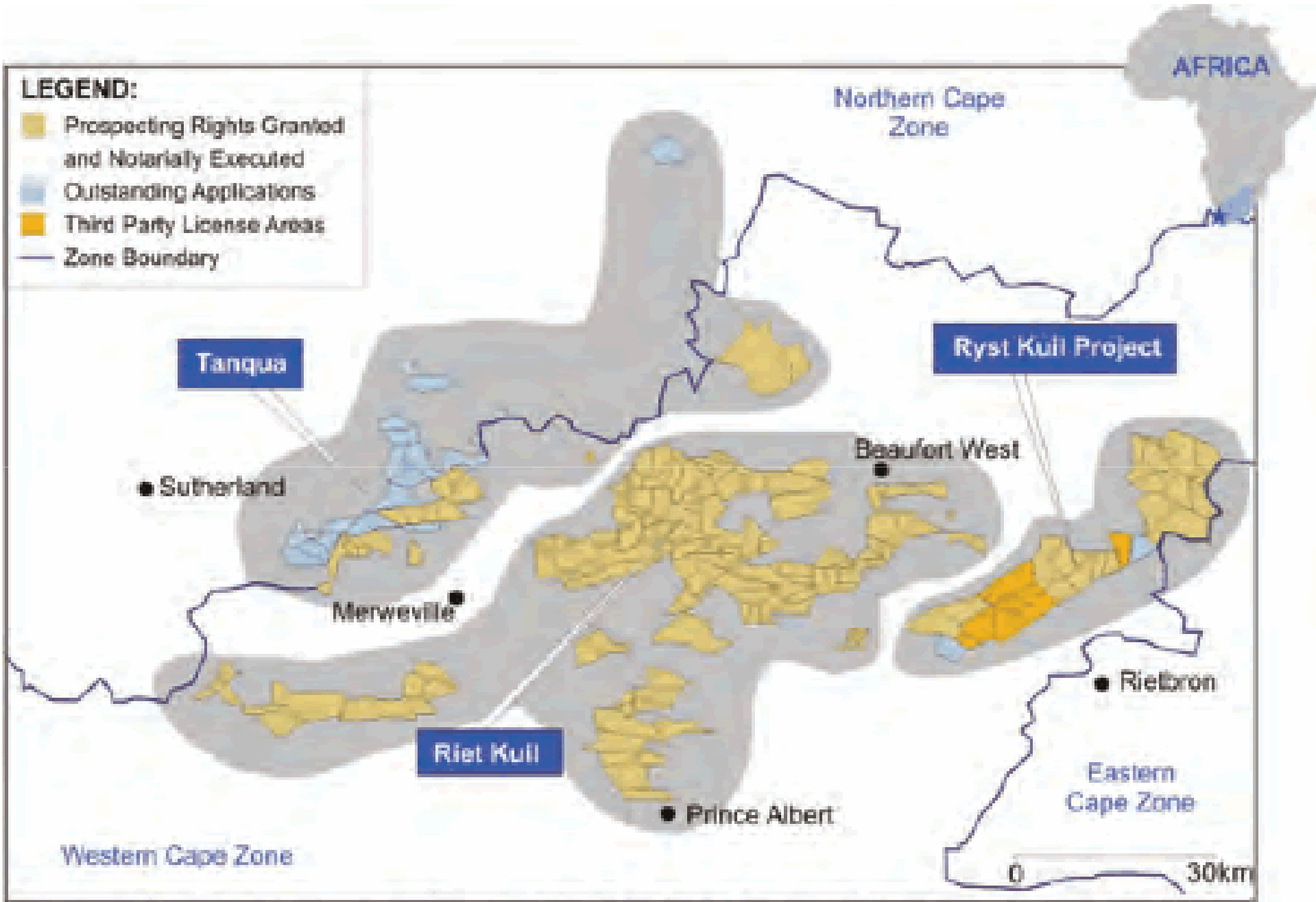
- “Copper “ - 1930s
 - Trial mining by ESSO until late 1970s
 - Discontinued - drop in uranium prices
1980s
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Beaufort West

- Great Karoo region surrounding Beaufort West identified by a number of international mining companies for uranium development projects
 - Ryst Kuil, Riet Kuil, Waterval, Damsfontein/Bloemfontein and Flagfontein
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LOCALITY OF URAMIN'S RYST KUIL PROJECT MINING CONCESSION AREAS

Beaufort West



- *“We believe that the Ryst Kuil Channel will be developed into a robust uranium mine which could be in full production by 2010”*
Ian Stalker – CEO of Uramin
 - *“Uranium is going to turn the economy of the town upside down”* ***Derick Welgemoed –Former Municipal Manager***
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Partnerships in sustainable development

- Chapter 3 of the Constitution: 3 spheres of government - cooperate with one another in mutual trust and good faith
- Achieve common objectives & maximize development impact - alignment of planning should be co-ordinated between the spheres of government and other organs of the state
- Local municipalities use "integrated development planning" (IDP) to plan future development in their areas
- Involves municipality & citizens in finding the best solutions to achieve good long-term development
- IDP should be developed - different spheres of government are encouraged to work in a co-ordinated manner to tackle the development needs in a local area

Planning documents

Western Cape: Provincial Growth and Development Strategy	Central Karoo District Municipality: Integrated Development Plan	Beaufort West Local Municipality: Integrated Development Plan
NO reflection of how mining can effect the provincial / local economy	2002-2006 NO mention of development of mining in the Karoo area	2007-2011 Housing backlogs will decrease by 80%, BUT influx of workers
Impacts on sustainable development & mining NOT addressed adequately at provincial level	2007-2011 NOT single reference to mining	Unsatisfactory levels of service & infrastructure (poor road conditions, poor drainage systems, failure / lack of power & lack of sufficient water)
Mining falls under a national-level department (Department of Minerals and Energy), without a corresponding provincial department		Social problems - high unemployment rates, illiteracy, poor health services, domestic violence and moral degradation

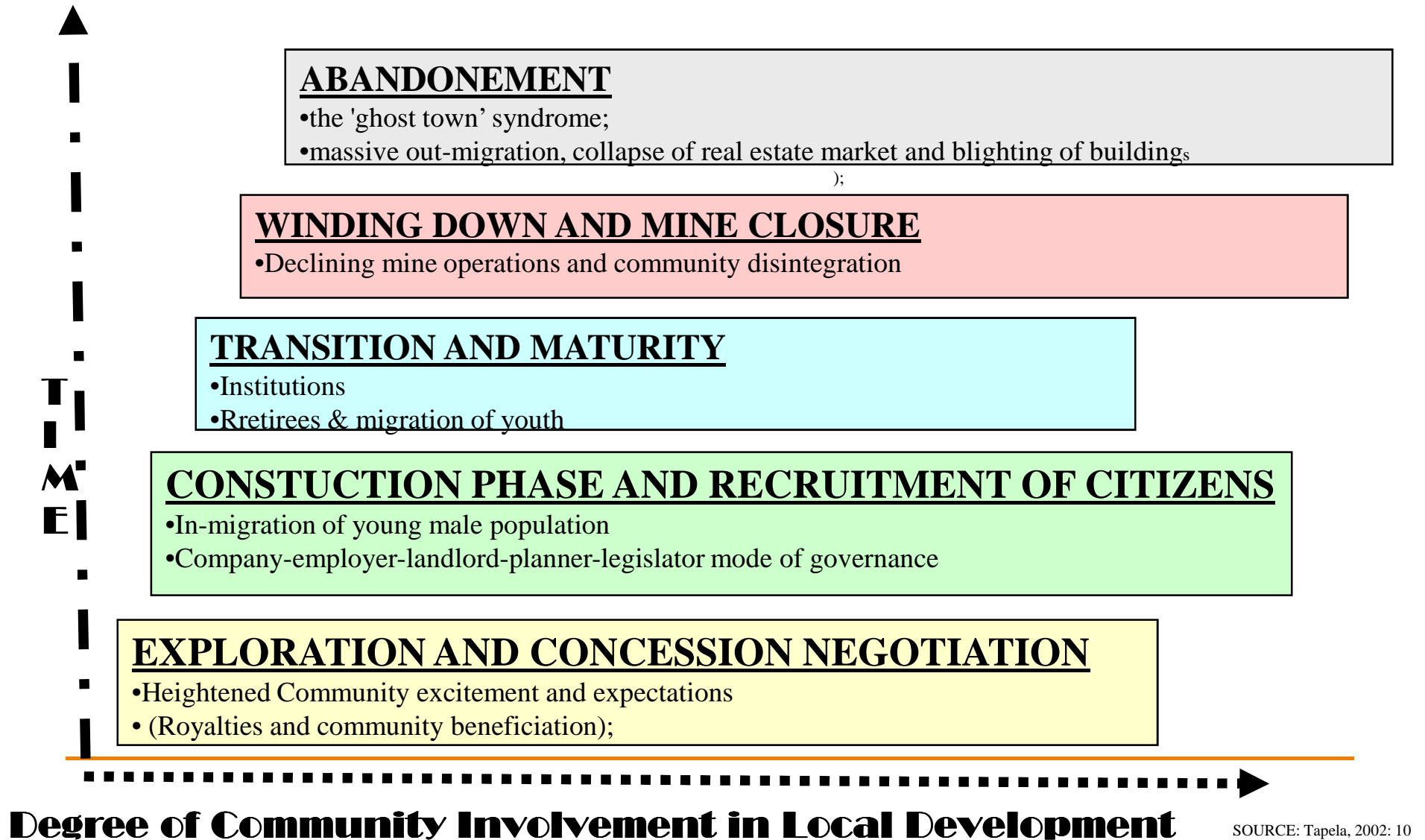
Planning of mining towns

- Mining towns - undermined local interests, participation and initiative in local economic development - creation of communities insufficiently embedded in local & regional resource priorities
 - Single-resource towns
 - Small towns are seen as centres for the extraction of surplus in the areas of capitalist production
 - Small towns as centres with a great potential to promote development
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Growth potential of BW

- RESEARCH : Determine the growth potential of towns in the Western Cape
 - Beaufort West - high on qualitative growth potential - towns experiencing sustainable growth & function as regional centres
 - Beaufort West - 29th (out of 131 towns) in the quantitative development index
 - *Infrastructure and institutional services (rank 6)*
 - *Transportation and communication infrastructure (rank 10)*
 - *Natural resources (rank 102)*
 - *Regional vitality (rank 113)*
 - *Economic sectors (rank 120)*
 - **Agricultural service town**
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A generic model of development in single resource towns



Planning of mining towns

- All mineral resources – exhaustible
- All minerals - demand and supply sensitive (*Price sensitive*)
- All mineral resources - dependent on global market tendencies
- **“RESOURCE ROLLER COASTER”**
- Mineral exploration - secret operation between mining companies, the state & local communities
- Heightened community excitement & expectations
- Clouded by threats of in-migration, community disruption & loss of local autonomy

“Dutch disease” of “resource curse thesis”

- *The spending effect*
 - *The resource-movement effect*
 - *The technology substitution effect*
 - *The enclave effect*
 - *The dependency effect*
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ECONOMIC

Narrow economic base;
Global competition;
Unstable mineral prices;
Plant closures;
Changing mining technologies

SOCIAL

Unstable communities
Unemployment & constant
retrenchments;
Gender imbalances

ENVIRONMENTAL

Resource depletion and
Ecosystem disruption;
Environmental degradation
and pollution;
Unsustainable (market-led)
resource utilization

POLITICAL/GOVERNANCE

Conflicting stakeholder goals;
Constrained community
participation;
Labour control and unrest;
Conflicting governance styles

DEVELOPMENT AND PLANNING CHALLENGES

Positive outlook

- Mining towns almost always paints a grim picture of life
 - Not only problems but also the positive developments
 - Create employment directly & indirectly (multiplier effect)
 - Employees usually spend their money in the local economy
 - Mining companies invest money in the upgrading of local roads, schools and hospitals.
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