

2025 IKWEZI

CASE STUDY

“The disconnect between what is promised and what is delivered points to a deeper governance crisis. The audit findings confirm a pattern of Crumb Capture, where mining companies implement symbolic, often dysfunctional projects that lack sustainability, visibility, or community ownership — publicly branded, yet functionally inaccessible and out of sync with community priorities.”



Since its inception in 2012, Mining Affected Communities United in Action (MACUA) has presented a formidable point of opposition against the toxic alliance between mining companies and the government in South Africa.



MACUA

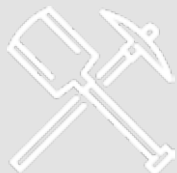


WAMUA

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BACKGROUND



Newcastle and Dannhauser are both located in the KwaZulu-Natal Province of South Africa and are part of the Amajuba District Municipality. Dannhauser is a town that is located midway between Durban and Johannesburg on the main railway line, approximately 8km from the nation road between the two cities.¹ Residents in the area are reliant on Dundee and Newcastle for employment opportunities and other goods and services, with the major economic sectors being agriculture and mining.² However, mining in Dannhauser is making a shift from large scale operations to small-scale operations.

On the other hand, Newcastle is in the inland region on the north-west corner of KwaZulu-Natal, a few kilometres south of the Free State, Mpumalanga and Gauteng provincial borders, in the foothills of the Drakensberg. Newcastle is the largest municipality in the Amajuba District, the third-largest urban centre in KwaZulu-Natal and considered a secondary city.³ It is also historically known for its coal mining and steel industry.⁴

IKWEZI MINING NEAR NEWCASTLE AND DANNHAUSER



Ikwezi mining (PTY) Ltd is coal mining company based in KZN, under Amajuba District Municipality. It is currently developing the Ikwezi Ngagane rail siding close to the Ngagane power station in Newcastle. They also run the Kliprand Colliery and Emoyeni coal beneficiation plant in Dannhauser, Kwa-Zulu Natal.⁵

Ikwezi mining reported turnover of US \$75 012 179 (ZAR 13 877 253 115 – R13,8 billion) for the year ended 30th June 2022. The same report also records a profit for the period of US \$15 856 826 (ZAR 293 351 281 – R293,3 million).⁶

In contrast, the surrounding communities face considerable socio-economic challenges. As of 2021, approximately 45% of Newcastle Municipality's population experienced food poverty, with 60.1% living below the lower-bound

- 1 KwaZulu-Natal Top Business 'Intensifying Growth Prospects' available at <https://kzntopbusiness.co.za/site/dannhauser#:~:text=The%20dominant%20farming%20activities%20are,being%20the%20main%20livestock%20bred>, accessed on 5 November 2024.
- 2 Ibid.
- 3 Municipalities of South Africa 'Newcastle Local Municipality 'KZN252' available at <https://municipalities.co.za/overview/1069/newcastle-local-municipality>, accessed on 15 November 2024.
- 4 Britannica 'Newcastle' available at <https://www.britannica.com/place/Newcastle-South-Africa>, accessed on 15 November 2024.
- 5 Ikwezi Mining 'Home' available at <http://ikwezimining.com/>, accessed on 15 November 2024.
- 6 https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02590956-6A1119243?access_token=83ff96335c2d45a094df02a206a39ff4

poverty line. In the neighbouring Dannhauser Municipality, 55.5% of residents endured food poverty, and 71.7% were below the lower-bound poverty threshold.⁷

The company website claims that the goal of Ikwezi is to realise its vision by promoting a safe, healthy, and clean workplace, concentrate on sustainable growth, establishing partnerships that benefit all stakeholders involved, and consistently enhancing business procedures, operational effectiveness, and skill development.⁸ Moreover, it is devoted to promoting economic development in the communities in which it operates, and this is a fundamental part of its operations.⁹ Wherever possible, it employs community members with relevant expertise at its mines.¹⁰

According to Ikwezi's website, its involvement in the community includes corporate social responsibility programs, community upliftment projects, infrastructure development, SMME development and mentorship.¹¹ It is stated on its website that since the commencement of its mining operations, it has taken 118 employees including contractors and most of them are members of the local communities.¹² Ikwezi claims that it does not only engage with the communities in which it operates, but also collaborates and partners with them to foster a meaningful relationships and open discussions.¹³ It also claims to have established a forum whose members include representatives from Ikwezi Mining, community-elected representatives, landowners, and traditional leaders.¹⁴

7 These troubling figures were revealed on Tuesday, 30 August 2022, by Sihlangu Ngobese, the Assistant Director for the Local Economic Development Unit of the Amajuba District Municipality. https://newcastillian.com/2022/09/01/unemployment-and-poverty-levels-hurting-newcastle-and-bordering-towns/?utm_source=chatgpt.com#google_vignette

8 Ikwezi Mining 'Who are we' available at <http://ikwezimining.com/who-we-are/>, accessed on 15 November 2024.

9 Ikwezi Mining 'Our business' available at <http://ikwezimining.com/our-business/>, accessed on 18 November 2024.

10 Ibid.

11 Ikwezi Mining 'About us' available at <https://ikwezimining.com/our-business/>, accessed on 21 October 2024.

12 Ikwezi Mining 'Sustainability' available at <http://ikwezimining.com/sustainability/>, accessed on 24 October 2024.

13 Ibid.

14 Ibid.

Coal mining companies such as Ikwezi are important role players in the discussions about a just transition as the just transition includes the shift away from coal as energy generator. Accordingly, it is important to reflect on the history of coal and its impacts on the economy and livelihoods of the country and affected communities. Since the supply of coal from the Vereeniging region to the Kimberly diamond fields in 1880, coal has historically dominated South Africa's energy supply industry.¹⁵ The need for coal increased because of subsequent gold discoveries in the Witwatersrand and the expansion of rail infrastructure. Coal was increasingly used to produce steam, compressed air, and eventually electricity as South Africa developed into a mining powerhouse.¹⁶ The number of industries that use coal has expanded in recent years, with coal serving as the main source of energy for the manufacturing of steel, petrochemicals, electricity, and a variety of other sectors, including cement, lime calcining, and brickmaking.¹⁷ Furthermore, South Africa produces an average of 224 million tonnes of marketable coal per year, placing it fifth in the world for coal production.¹⁸ South Africa is the world's third-largest coal exporter, with 25% of production shipped globally, 53% utilised for electricity generation,

33% for petrochemical industries (Sasol), 12% for metallurgical industries (Arcelor-Mittal), and 2% for household heating and cooking.¹⁹ This simply shows that South Africa currently relies heavily on coal as a source of energy and income.

However, environmental concerns remain the biggest obstacle to coal as a source of energy. This is because coal mining has brought severe environmental injustices that gave birth to the conversation around South Africa's transitioning away from coal-intensive energy to clean energy. One of the most important components of the just transition is the need to replace the current coal and fossil fuel-based energy systems and transition into cleaner renewable sources of energy production. This is why coal mining companies such as Ikwezi are pivotal to these discussions. Especially when looking at the economy as well as the impact that the transition will have on the displacement of employees and surrounding communities. Cognisance should be given to the fact that coal is increasingly being displaced by gas and renewables. As such, the transition to lower carbon emissions, away from coal, is inevitable. Hence, it is also crucial to carefully examine the challenges and benefits that this transition will impose on vulnerable and marginalised communities.

15 Eskom 'Coal in South Africa' available at <https://www.eskom.co.za/wp-content/uploads/2021/08/CO-0007-Coal-in-SA-Rev-16.pdf>, accessed on 18 November 2024.

16 Ibid.

17 Ibid.

18 Ibid.

19 Ibid.

it is crucial to have effective time limits, plans, and preparations for an orderly and just transition away from coal and to ensure that the meagre pathways of Local Economic Development(LED) that exist through Social and Labour Plans, are not squandered and lost during this critical period of the transition

For the transition to be considered Just, communities must not be left behind. This means that there must be a careful consideration of the socio-economic impacts that the transition will have on communities in terms of employment, the impacts on spatial justice as well as impacts on the economy of those communities. For a Just Transition to be achieved, South Africa must ensure that coal mine closures are managed effectively. If not, the closure of coal mines and transitioning away from coal will induce significant socioeconomic issues and sever environmental impacts on marginalised communities. Community members must be included in the processes and be consulted as the country transitions away from coal and into renewables.



It should be highlighted that the shift away from coal as a source of energy has the potential to put South Africa's socioeconomic standing in jeopardy due to its dependency on coal as one of the key contributors to economic progress. Market indicators suggest that automation will continue to reduce jobs related to coal, that retiring plants will be replaced by more affordable alternatives like renewables, and export markets will be lost.²⁰ These factors will render many coal mines unprofitable.²¹ This has the potential of significant job losses which will increase the elevated levels of unemployment that South Africa is already facing. Additionally, social dialogue pertaining to transitioning away from coal as a source of energy has primarily occurred at the national level, which may lead to downstream challenges because national concerns differ from those at the local level.²² Per-Anders Pattersson argues that “local governments are not adequately aware of the challenges associated with climate change and climate measures, and that they lack the financial resources to address those challenges”.²³ These challenges pose the threat of an Unjust Transition for marginalised and affected communities. To avoid such predicaments, the shortcomings from the past coal mine sector adjustment and contemporary transitions must be addressed effectively to ensure that the decision makers

20 Per-Anders Pattersson ‘South Africa: Strong Foundations for a Just Transition’ *World Resources Institute* 23 December 2021, available at <https://www.wri.org/update/south-africa-strong-foundations-just-transition>, accessed on 04 November 2024.

21 Ibid.

22 Ibid.

23 Ibid.



and duty bearers are informed about the gross injustices that continue to characterise the sector. By sharing this information, we hope that it will assist in developing effective legal frameworks that will guide the inclusive decision-making processes on energy transition pathways.

It is also imperative that local communities, especially those that are coal dependent, to have a full understanding of the social, environmental, and economic challenges associated with a transition of moving away from coal. Therefore, it is crucial to have effective time limits, plans, and preparations for an orderly and just transition away from coal and to ensure that the meagre pathways of Local Economic Development(LED) that exist through Social and Labour Plans, are not squandered and lost during this critical period of the transition and that instead these LED initiatives are prioritised and amplified in order that a Just Transition will leave alternative economic options for the local communities after the eventual closure of the mine.

WHAT IS A SOCIAL LABOUR PLAN

A Social and Labour Plan is a formal commitment to implementing projects for development of the community and the employees that mining companies are required to submit when applying for a mining right. The Department of Mineral and Petroleum Resources ('DMPR') uses the SLP to assess the viability of the potential mine based on its commitment to develop the local community. The SLP's purpose is to promote employment, improve social and economic welfare, and ensure that mining companies contribute to the development of the areas where they operate. This includes projects that the mining companies commit to implement for local economic development. Also, stipulating how such commitments will be executed in line with the agreed time limits and budget allocations. This should be achieved through meaningful consultations with interested and affected parties.

Section 2(d) of the act further states that its objectives are to 'substantially and meaningfully expand opportunities for historically disadvantaged persons, including women, to enter the mining and petroleum industries and to benefit from the exploration of the nation's mineral and petroleum resources'.²⁴ This emphasises the role of mineral resource extraction and operations as a pivotal means towards community development and women empowerment.

²⁴ 28 of 2002.

UPON APPROVAL BY THE DMPR .

LEGALLY BINDING

SLPs serve as legally binding documents used to ensure benefits flow from mining companies to communities.

VALID FOR 5 YEARS

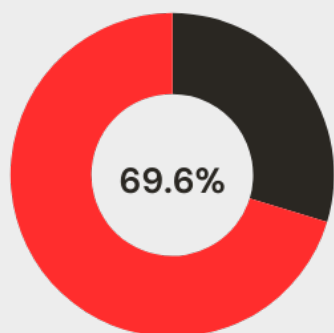
The SLPs are valid for a period of five (5) years and must be renewed every five (5) year period to ensure continuous benefit for communities such as Ikwezi.

PUBLICLY AVAILABLE

The mining rights holder is obligated to publish the approved SLP on their website, place copies in public areas and make announcements in newspapers and other mediums as to where copies of the approved SLP can be found in English and a language that is predominant in the area.

THREE MEETINGS PER ANNUM

The mining rights holder must convene a minimum of three meetings per annum with mining affected communities & ‘interested and affected persons’, to update stakeholders on progress and developments made with regards to the implementation of the approved SLP.



69.6% of Audited Local Development Projects Not Completed by Mining Companies (MACUA Social Audit Report, 2022)

SLPs, upon DMPR's approval, serves as legally binding documents that are used to ensure that mineral and petroleum exploration benefit local communities. In principle, SLPs should be drafted in consultation with interested and affected parties from the communities in which mining companies operate, however, that is not always the case. In terms of Regulation 45, a mining right holder must convene a minimum of three meetings per annum with mining affected communities, as well as interested and affected persons to update these stakeholders about the progress made with the implementation of the approved SLP and the outcome of these meetings must form part of the annual reports.²⁵

The fact that SLP's are governed by regulations and not by laws mean that enforcement of the SLP's are often neglected and are abused by corrupt officials and locally connected politicians, and the reality is that although the SLP system has been in force for over 12 years, most communities affected by mining still experience abject poverty and underdevelopment. The **MACUA Social Audit Report of 2022**, based on a rigorous investigation across multiple mining-affected communities, found that: **69.6% of all local economic development projects audited were not completed** by mining companies.

This is partly because SLPs are often designed without adequate consultation with the communities that stand to benefit from the mining operations on their land.

Mining companies often neglect to deliver on all the SLP commitments, and the DMPR often fail to follow up on these commitments or enforce them, to the detriment of mining-affected communities.

Section 46(c) of MPRDA regulates the contents of the SLP and requires that they must include a Local Economic Development Programme (LED) comprising; (ii) the key economic activities of the area in which the mine operates and (iii) the infrastructure and poverty eradication projects that the mine would support in line with the Integrated Development Plan (IDP) of a local municipality and major sending areas.²⁶ This report is limited to the contents of the LED section of the SLP, and the social audit focused on investigating this section.

It is imperative to note that an SLP is valid for a period of 5 years. Then a mining company must consult on a new SLP which covers another 5- year period, so on and so forth. In this regard, SLP of Ikwezi Mining covered only 4 years. Thereby, necessitating an additional 1 year. Hence, Ikwezi had to adopt a catch up SLP.

This report, based on a community led Social Audit, aims to establish the validity of the undertakings made by Ikwezi Mining in the SLP and evaluate them against the implementation thereof in the communities in which they have committed to implement certain projects.

WHAT IS A SOCIAL AUDIT

A social audit is a community-led process whereby the commitments made by the mining company in relation to the affected communities are audited and verified. This process empowers communities to gather and legitimise evidence of their experiences of local development, and through this process enables them to claim and realise their constitutional rights to transparent and accountable mining operations.

During a social audit, the expenditure and service delivery outcomes promised in the Social and Labour Plan of a mine are evaluated to determine whether community experiences regarding those outcomes reflect the vision of implementation as stated in the SLP. Members of the community collectively participate in the process of verifying an SLP of a particular mine by comparing the stated outcomes with the lived experiences of people on the ground. Evidence collected during a social audit is reported to the responsible stakeholders at a public meeting and used as a vehicle for advocacy by the host community.

26 28 of 2002



Community testimony, knowledge, and experiences are a central part of this evidence. A social audit provides a way to build effective and meaningful participation in marginalised working-class communities by providing a means for a community to engage with mining processes that affects their lives. Social audits further empower communities, deepening the culture of participatory democracy and public deliberations. It provides an opportunity for poor mining communities who have been excluded, deceived, and deprived of benefits, to be heard.

Mining companies in South Africa are considered significant social players who account for a substantial portion of the South African economy. This power and financial muscle frequently allow them to avoid social responsibility by hiring PR consultants and running campaigns to publish glossy reports about their social obligations to the communities in which they operate. As such, the best way to test their claims of compliance with SLP commitment and challenge those glossy reports, is to undertake community-led social audits which plays a vital role in terms of collecting evidence to verify the realities on the ground. Community led social audits also present an opportunity for community members to be capacitated on SLP processes and procedures, so that they can assess the extent of SLP compliance, ensure reliable information is available for all stakeholders involved, monitor and challenge mining companies whenever they are failing to comply with the law.

The aim of the social audit was to establish whether there has been any tangible and sustainable development of the community in Newcastle through the implementation of the SLP projects of Ikwezi Mining between the years of 2019 and 2023, and the catch up SLP for the years 2023-2024. By conducting social audit, the community is better able to:

Assess the extent of compliance with the SLP.

1. Assess whether Ikwezi Mining's SLP obligations are effective, efficient and provide sustainable goals to the community of Newcastle.
2. Determine if appropriate measures exist that:
 - establish, monitor, and communicate the SLP process and procedures with the community,
 - ensure reliable information is available for all stakeholders involved including the Newcastle community,
 - establish and communicate roles and responsibilities for all parties involved.

METHODOLOGY

MACUA (Mining Affected Communities United in Action), YAMUA (Youth Affected by Mining United in Action), and WAMUA (Women Affected by Mining United in Action) undertook a comprehensive community-led social audit of Ikwezi Mining's Social and Labour Plan (SLP) for the years 2019 to 2023, including the supplementary catch-up SLP for 2023 to 2024.

The audit process was conducted from 8 to 11 April 2024, with physical verification of audited projects conducted on 25 June 2024.

This social audit was not only designed to assess Ikwezi Mining's compliance with its legally binding SLP obligations but also aimed to place these obligations within the broader context of South Africa's Just Energy Transition (JET).

This is especially critical as Ikwezi operates within the coal sector, which is directly implicated in the urgent national shift from carbon-intensive energy sources to renewables. As such, ensuring that existing SLPs are not only implemented but strategically aligned with JET goals is essential for mitigating the socio-economic dislocation mining-affected communities are likely to face.



In preparation for the audit, the Newcastle MACUA branch, supported by the MACUA WAMUA Advice Office (MWAo), convened a series of workshops. These were designed to capacitate community members on the content and legal framework governing SLPs, the structure of Ikwezi's specific plans, and the monitoring and evaluation tools needed for effective oversight.

The workshop attendees, hereafter referred to as the "social audit team," were trained in SLP analysis, survey design, and participatory audit techniques, including door-to-door community engagement.

Although the Ikwezi SLP and catch-up SLP included four Local Economic Development (LED) projects, the social audit team elected to audit two projects due to their accessibility:

- ▶ the Infrastructure Development and Small Business Support initiative (2019–2023 SLP) and
- ▶ the upgrading of Early Childhood Development Centres (ECDC) under the 2023–2024 catch-up SLP.

From the outset, the social audit uncovered significant shortcomings. Chief among these was the vagueness of project timelines.

The 2019–2023 SLP committed to project implementation within 24 months of SLP approval, while the catch-up SLP reduced this to 12 months. However, neither plan clearly indicated start or completion dates, making it near impossible for community members to monitor progress effectively.

This lack of transparency represents a critical failure in upholding the principles of community participation and accountability—principles that are especially vital as mining communities prepare for the socio-economic shifts posed by JET.

Despite these limitations, the social audit proceeded. Survey instruments were collaboratively developed and piloted to capture community insights on project visibility, impact, and inclusion. Survey questions also investigated broader issues: the exclusion of women from mining benefits, access to training and jobs, and the quality and frequency of SLP consultations.

Data was systematically collected and analysed, and preliminary findings were shared with the community before physical verification of the projects. This rigorous approach aimed to ensure both data integrity and grassroots validation. The resulting evidence paints a concerning picture: ambiguous commitments, minimal community awareness, and negligible impact from SLP projects.

The audit further highlights the urgency of aligning SLPs with Just Transition principles. LED initiatives like those mandated in SLPs should be harnessed as foundational elements for the post-coal economy, laying the groundwork for diversified, inclusive, and sustainable local economies. Instead, the findings suggest that SLPs are being used as mere compliance checkboxes rather than transformative tools.

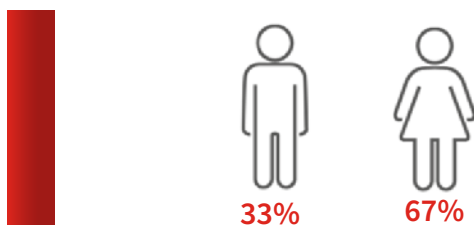
In the case of Ikwezi, the failure to clearly define timelines, consult communities, and deliver meaningful, scalable benefits not only undermines legal obligations under the MPRDA but also represents a missed opportunity to prepare communities for the inevitable decline of coal.

It is imperative that SLPs are strengthened through stricter enforcement mechanisms, clear implementation benchmarks, and consistent community monitoring. Moreover, mining companies must embrace their role in supporting a truly Just Transition by aligning their development obligations with long-term economic resilience for the communities they operate in.

The Ikwezi case underscores the dangers of business-as-usual mining practices in an era that demands inclusive, accountable, and forward-looking models of extractive governance.

SURVEY SAMPLE

A total of 120 community members participated in the survey, with 80 identifying as female (67%) and 40 as male (33%). This demographic composition not only reflects the gender makeup of the community but underscores the importance of capturing the specific experiences of women in mining-affected areas, where exclusion is often more acute.

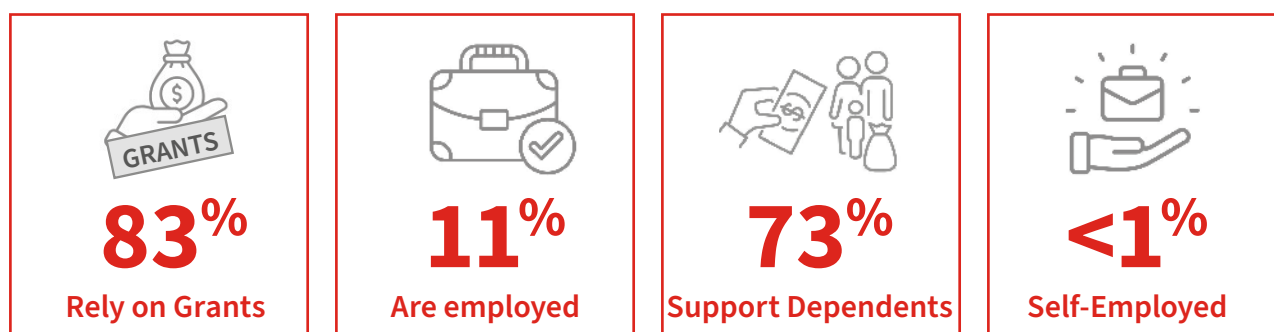


Despite the Amajuba District reporting potential revitalisation of its coal economy due to international demand and technological advances²⁷, the lived reality in Newcastle and Dannhauser paints a very different picture. These regions remain plagued by widespread poverty and structural unemployment.

INCOME

Survey data reveals that 54% of respondents survive on a monthly household income of R1000–R2000, while 24% report incomes between R2000–R3000.

Alarmingly, only 0.3% of respondents earn more than R4000 per month, despite the national minimum wage benchmark of R4779.38 per month²⁸. This sharp contrast illustrates persistent income deprivation.



Compounding this hardship, 83% of respondents rely on social grants as their sole source of income, while 73% support dependants—most often children. Only 11% of respondents were employed at the time of the survey, with less than 1% self-employed. This confirms national labour force statistics, which report high unemployment and informality in rural areas²⁹.

27 Amajuba District Municipality. 2021. “Amajuba District Economic Profile.”

28 Department of Employment and Labour. 2024. “National Minimum Wage Flyer.”

29 Statistics South Africa (StatsSA). 2022. “Census 2022: Provinces at a Glance.”



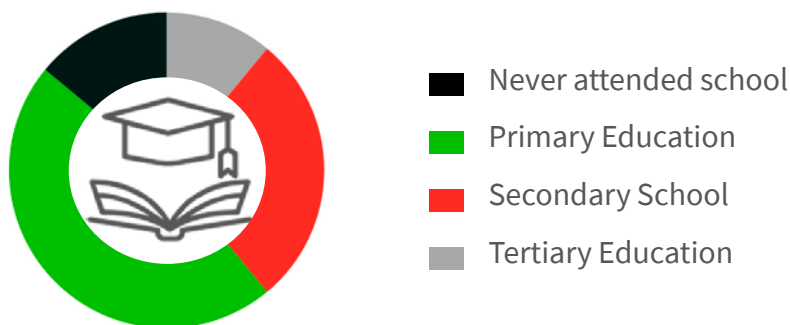
only 0.3% of respondents earn more than R4000 per month

HOUSEHOLDS:

Household sizes in the Newcastle and Dannhauser areas reflect intense overcrowding. While the average household in Dannhauser accommodates 5.6 individuals³⁰, the survey noted some households as large as 15 members. This variation illustrates how poverty manifests differently across households and supports the argument for tailored policy interventions.

EDUCATION

In terms of education, 47% of respondents had only achieved primary education, 28% had secondary education, and 14% had no schooling at all. Only 11% had attained tertiary qualifications. This lack of access to quality education severely limits upward mobility, especially for women, who constitute the majority of respondents and face compounding structural barriers³¹.



A key insight from the data is that none of the participants had ever been employed by Ikwezi Mining. While it is unrealistic for a single company to absorb all local jobseekers, greater transparency is required. Ikwezi claims to have created 118 local jobs since operations began, but it remains unclear which communities benefitted or what roles were created. This opacity raises serious concerns about inclusive development and equity in benefit-sharing³².

The data paints a clear picture of socio-economic exclusion. Mining companies operating in these regions must do more to ensure that the benefits of resource extraction translate into real, measurable improvements in the lives of local people.

³⁰ Ibid

³¹ UN Women. 2022. "Progress on the Sustainable Development Goals: Gender Snapshot."

³² ActionAid. 2020. "Digging Deeper: The Human Rights Impact of Investment Treaties on Mining-Affected Communities."

CONSULTATION

Mining companies are legally required under the Mineral and Petroleum Resources Development Act (MPRDA) and associated regulations to consult meaningfully with affected communities when drafting their Social and Labour Plans (SLPs). The South African Constitutional Court and various High Court judgments have affirmed that “meaningful consultation” entails more than token gestures: communities must be informed, capacitated, and given a genuine opportunity to influence decisions that impact them³³.

The principle of meaningful participation is essential in achieving transparent and accountable mining governance. It requires that communities be presented with accessible, understandable versions of SLPs, given time to consider their contents, and allowed to raise concerns or propose alternatives. Public input improves governance by incorporating lived experience and local knowledge into decision-making³⁴.

Data collected during this audit process reveals a worrying lack of awareness among affected communities in Newcastle and Dannhauser.

A total of 84% of respondents indicated they were unfamiliar with the term “Social and Labour Plan,” and 84.1% had never seen an SLP from Ikwezi Mining. This disconnect suggests Ikwezi has not complied with its consultation obligations.

Moreover, the Department of Mineral and Petroleum Resources (DMPR) appears to have failed in its duty to educate communities about their rights under mining law, further exacerbating transparency and accountability deficits.

These gaps beg the question: How can communities hold mining companies accountable if they are unaware of their rights or the tools available to enforce them?

It is not feasible for a community to monitor the implementation of SLPs if they have not been informed of the commitments made therein. In this context, the audit team found it essential to provide induction sessions on what SLPs entail, including their legal standing, implementation timelines, and community benefit frameworks.

33 Legal Resources Centre (LRC). 2019. “Community Participation in Mining: A Legal Overview.”

34 United Nations Environment Programme (UNEP). 2020. “Environmental Rule of Law: Tracking Progress and Charting Future Directions.”

“exposes the deep disconnect between SLP commitments made on paper and the lived realities of implementation on the ground.”

The audit findings further show that Ikwezi Mining has not held regular meetings with the community to update them on project progress, in contravention of Regulation 46 of the MPRDA.

Furthermore, none of the 120 survey participants recalled ever being invited to an SLP consultation meeting. The data indicates a systematic exclusion of communities from processes that affect their livelihoods and environment.

A disturbing pattern also emerged in relation to municipal Integrated Development Plan (IDP) consultations. Over 79% of respondents reported never being invited to participate in IDP sessions—key spaces where mining-linked development projects should be harmonised with local needs. This exclusion from municipal processes compounds the marginalisation of affected residents.

84%

84% had **never heard** of an SLP

0%

none of the 120 survey participants recalled ever being invited to an SLP consultation meeting

79%

Over 79% of respondents reported never being invited to participate in IDP sessions

Ikwezi Mining’s apparent failure to comply with Section 54 of the MPRDA, which mandates good-faith consultations aimed at reaching mutually beneficial outcomes, reflects broader sectoral trends. Mining companies often default to engaging municipal officials rather than directly affected communities, undermining participatory democracy and intensifying public distrust³⁵.

To address this systemic failure, both mining companies and local governments must embed meaningful community engagement into the design and implementation of all SLP and IDP processes. This requires clear timelines, accessible documents, independent oversight, and capacity building for communities to exercise their rights as recognised by law.

35 Oxfam. 2017. “Position Paper on Free, Prior and Informed Consent in the Extractives Sector.”

BENEFITS FROM THE MINE

Mining companies are expected to contribute to the socio-economic development of communities affected by their operations. This is enshrined in South Africa's Mineral and Petroleum Resources Development Act (MPRDA) and reinforced by global frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

One of the most commonly cited benefits offered by mining companies is local employment. However, in large communities like those surrounding Ikwezi Mining—some with over 25,000 households—it is unrealistic to expect the mine to employ all jobseekers.

Nonetheless, it is both feasible and necessary for mines to provide local training and upskilling opportunities to enhance employability, not only within their own operations but in the wider economy³⁶.

Disappointingly, none of the respondents surveyed reported participation in Ikwezi's training or learnership programmes. Most were unaware of their existence. Several respondents also highlighted the practical challenges they face in accessing such opportunities, including a lack of outreach, transportation difficulties, and poor communication from the company.

This disconnect suggests that Ikwezi is failing to implement or publicise its skills development obligations effectively—contravening the intent of the SLP framework³⁷.

When it comes to gender equity, 38.33% of respondents believed women are not given equal access to training opportunities, while 45.83% were unsure.

The implication is stark: women in these communities face an uphill battle in accessing the most basic opportunities linked to mining benefits. These findings mirror broader national trends, where women remain underrepresented in technical mining jobs and often lack access to formal skills training³⁸.

The failure to implement inclusive training opportunities also undermines the developmental role that SLPs are meant to play. Only 4.16% of respondents felt that Ikwezi Mining had provided tangible socio-economic opportunities to the community. A majority (58.33%) reported no benefits at all, while 37.5% acknowledged only minimal impact. These figures underscore a critical perception gap between the company's obligations and community experience.

In principle, SLPs should act as a bridge between resource extraction and inclusive, sustainable development.

However, the situation in Newcastle and Dannhauser illustrates how such commitments can become empty promises in the absence of transparency, implementation, and accountability.

To correct this, Ikwezi Mining must urgently prioritise accessible and inclusive training opportunities, establish clear communication mechanisms, and ensure gender-sensitive approaches to all development initiatives.

36 World Bank. 2019. "The Role of the Extractive Sector in Expanding Economic Opportunity."

37 Bench Marks Foundation. 2020. "Policy Gap 12: Communities in the Platinum Belt."

38 Minerals Council South Africa. 2022. "Women in Mining: Transforming the Workplace."



PROJECT 1: INFRASTRUCTURE DEVELOPMENT AND SMALL BUSINESS SUPPORT

Commitment: Support the businesses of Thuli Buthelezi and Phumzile Mathebula by constructing a kitchen on Ikwezi Mining property.

- ▶ **Time frame:** 12 months from SLP approval.
- ▶ **Budget:** R149,474.00
- ▶ **Exit Strategy:** Full handover of infrastructure to the business owners.

Ikwezi Mining's 2019–2023 SLP included a commitment to support two local women entrepreneurs by constructing a kitchen facility near the mine. The intention, according to the SLP, was to move their business from home-based operations to a more permanent and accessible structure to improve food safety, attract more customers, and reduce logistical costs.

While this project has the potential to contribute to local economic development and women's empowerment, it suffers from fundamental design and implementation flaws. Crucially, the initiative originated from a direct request rather than a consultative community-based planning process.

This distinction matters because LED projects under SLPs are intended to reflect collective development priorities—identified through inclusive dialogue—not ad hoc requests more appropriate for Corporate Social Investment (CSI) portfolios³⁹.

The lack of community awareness about the project underscores this problem. During the audit, 92.5% of survey participants reported no knowledge of the initiative, and 81.67% were unaware of any budget allocations.

Ikwezi Mining appears to have bypassed the legal requirement under MPRDA regulations to provide quarterly updates to communities, further eroding transparency and accountability⁴⁰.

39 Centre for Applied Legal Studies (CALS). 2018. "Social and Labour Plans First: Ensuring Community Participation."

40 Department of Mineral Resources and Energy (DMRE). 2021. "Guidelines for the Submission of Social and Labour Plans."

While the empowerment of individual women entrepreneurs is welcome, the design of this intervention was flawed in that it failed to offer broader community value or sustainability. LED projects, by definition, should be scalable, inclusive, and rooted in long-term socio-economic planning⁴¹.

By centring the benefit on two individuals and failing to ensure broader community engagement, the project fails the basic test of inclusive development.

After repeated follow-ups, the project reportedly remained unimplemented. A physical site inspection conducted by the audit team found no evidence of construction, a caravan, or any infrastructure at the promised location. This raises serious questions about Ikwezi Mining's commitment to its own legally binding SLP obligations and further illustrates the disconnect between paper-based commitments and lived realities.

The women—Thuli Buthelezi and Phumzile Mathebula—reported significant economic harm due to delays and unfulfilled promises. Their business, once a livelihood for their families, was forced to shut down. Their experience exemplifies how failed project delivery not only violates legal commitments but also deepens economic vulnerability for local entrepreneurs.

Ikwezi Mining's initial oversight reflects a broader pattern of neglect within the extractive industry regarding community-driven development processes. Following the audit and verification of the draft report, Ikwezi provided Thuli Buthelezi and Phumzile Mathebula with a mobile kitchen, which was received on 20 December. Although this corrective step was long overdue and aligns with increased scrutiny of mining practices under South Africa's Just Transition agenda, the mobile kitchen remains non-functional. The equipment operates on gas, which the beneficiaries cannot afford, and relocating the mobile kitchen costs R300 per trip, rendering it financially impractical given their limited income generation. This highlights the importance of proactive, sustainable support measures beyond mere compliance to foster genuine community resilience.



41 United Nations Development Programme (UNDP). 2020. "Local Economic Development for Inclusive Growth in Africa."

PROJECT 2: INFRASTRUCTURE DEVELOPMENT (UPGRADING OF EXISTING EARLY CHILDHOOD DEVELOPMENT CENTRES).

Commitment: Upgrade infrastructure for selected Early Childhood Development Centres (ECDCs) through the provision of educational resources and construction support.

- ▶ **Budget:** R2 million
- ▶ **Estimated Jobs:** 36 (10 short-term through construction; 16 long-term through staffing ECDCs)
- ▶ **Exit Strategy:** Transfer of project oversight to the Department of Social Development
- ▶ **Implementation Period:** 12 months from catch-up SLP approval

Ikwezi Mining's catch-up SLP committed to a substantial infrastructure and resourcing intervention for multiple ECDCs. The project included items such as JoJo tanks, enviro-loo toilets, fencing, play equipment, books, and mattresses.

In theory, this investment could provide a significant contribution to child development and community resilience by supporting early learning infrastructure⁴².

While the commitment signals progressive intent, execution has been marred by two major failings.

Firstly, community members were overwhelmingly unaware of the project's existence. Over 75% of respondents had no knowledge of any ECDC having received resources, and nearly 97.5% had no awareness of the project budget. This suggests that Ikwezi failed to undertake the level of meaningful consultation required by the MPRDA and its regulations⁴³.

Secondly, the project lacked clarity in its implementation plan. Although 16 ECDCs were listed as beneficiaries, the SLP failed to specify which components would be implemented at which centres. This lack of detail obstructs effective community monitoring, a legal requirement under the MPRDA, and highlights weak internal accountability systems⁴⁴.

The case of Sunrise ECDC offers an instructive example.

42 UNICEF. 2020. "The State of the World's Children: Ensuring Inclusive Education for Every Child."

43 Department of Mineral Resources and Energy (DMRE). 2021. "Guidelines for the Submission of Social and Labour Plans."

44 Ibid

Though it was the most accessible centre and thus prioritised by the audit team, the founder of the ECDC reported a divergence between the promised and delivered outputs.

While she had requested a mobile classroom to address overcrowding, Ikwezi opted to paint existing structures and install a toilet—without any additional consultation. This reflects a top-down approach and contradicts the participatory development principles that should guide SLP implementation⁴⁵.

The economic inclusion element of the project is similarly lacking. Although job creation was identified as a priority, nearly 69% of survey respondents knew no one who had been employed during the construction phase. With unemployment a primary concern among residents, this failure to provide even short-term employment is a missed opportunity to deliver immediate economic relief while building community infrastructure.

Moreover, the Department of Mineral and Petroleum Resources appears to have approved a plan that lacked specificity and failed to demand implementation benchmarks. This points to systemic regulatory weakness and an urgent need for improved oversight.

The broader lesson from this case is that infrastructure projects in SLPs must not only be technically sound but also democratically governed.

Development without participation is not only legally noncompliant—it is morally unsound. Projects that ignore beneficiary input risk irrelevance, inefficiency, and mistrust.



45 Global Campaign for Education. 2018. “Early Childhood Education and Care: A Foundation for Future Learning.”

“... suggest a systemic pattern of exclusion that limits women’s participation in both the labour market and skills development pipelines

EXCLUSION OF WOMEN IN MINING AFFECTED COMMUNITIES

Despite long-standing transformation goals, the mining sector in South Africa remains deeply male-dominated. Technical roles such as underground mining, machinery operation, and site management continue to be viewed as unsuitable for women due to entrenched gender stereotypes.

This results in persistent structural barriers to employment for women in mining-affected communities like Newcastle and Dannhauser.

Survey results reinforce this disparity: 68.3% of respondents indicated that it is difficult for women to secure employment at Ikwezi Mining, while only 17.5% believed it was easy, and 14.16% were unsure.

Similar trends were found in access to training opportunities—a necessary precondition for job eligibility. Here, 37.5% stated it was difficult for women to access training, 30% found it easy, and 32.5% were uncertain. These findings suggest a systemic pattern of exclusion that limits women’s participation in both the labour market and skills development pipelines.

This exclusion is especially troubling given women’s significant—though often invisible—contributions to the mining economy. Women frequently bear the burden of unpaid social reproductive labour, ensuring the daily functioning of households and communities that support male mine workers⁴⁶. Yet they are the least likely to benefit directly from the mining industry’s wealth or developmental initiatives.

Beyond employment, women are further marginalised from participating in decision-making processes. A staggering 82.5% of respondents said women in Newcastle and Dannhauser had never been invited to participate in SLP consultations. This lack of inclusion extends to local governance spaces as well: 55.8% reported that women had never been invited to Integrated Development Plan (IDP) consultations.

46 UN Women. 2021. “Beyond COVID-19: A Feminist Plan for Sustainability and Social Justice.”

The audit uncovered concrete examples of gender exclusion in SLP project design and implementation. Ikwezi Mining failed to consult two women business owners on an LED project aimed at supporting their enterprise and similarly did not consult the founder of Sunrise ECDC on infrastructure upgrades.

These examples reinforce a broader pattern of disregard for women's agency and voices in community development.

These exclusionary practices are compounded by social dynamics that reinforce economic dependency.

In communities where mining jobs are one of the few stable sources of income, the exclusion of women from employment creates reliance on male partners, reinforcing patriarchal norms.

This contributes to a toxic masculine culture within mining spaces and increases women's exposure to gender-based violence and sexual harassment—widespread issues in the South African mining sector⁴⁷.

In sum, the exclusion of women from employment, training, and consultation in mining-affected communities represents a failure to fulfil both legal obligations under the MPRDA and broader commitments to gender equity under national and international frameworks.

Addressing these issues requires inclusive policy reforms, gender-sensitive SLPs, and active enforcement of consultation standards that centre women as stakeholders—not afterthoughts.

47 Human Rights Watch. 2019. "Why Sexism Persists in the South African Mining Sector."

CONCLUSION

A JUST ENERGY TRANSITION DEMANDS INCLUSIVE ACCOUNTABILITY

This report underscores the deeply entrenched socio-economic inequalities that persist in the coal mining regions of Newcastle and Dannhauser, despite the presence and operations of mining companies like Ikwezi Mining.

High unemployment rates, inadequate skills development, poor access to quality education, and widespread reliance on social grants continue to define life in these communities. These conditions reveal a systemic failure by Ikwezi Mining to meaningfully implement its Social and Labour Plans (SLPs) in line with both legal obligations and the ethical imperatives of community development.

The findings presented here lay bare the gap between Ikwezi's public commitments and its actual practices. Despite the considerable revenue generated through coal extraction, Ikwezi has not translated that value into tangible community upliftment. Projects are often ill-conceived, poorly communicated, and inadequately implemented.

SLPs lack specificity, transparency, and accountability, effectively shielding the company from meaningful community scrutiny. Ikwezi's failure to regularly engage with the community, provide clear updates, and allocate resources equitably, points to a deliberate strategy of opacity.

This is particularly troubling in the context of South Africa's commitment to a Just Energy Transition—a framework that seeks not only to move away from fossil fuels, but to do so in a manner that is socially just, inclusive, and economically redistributive.

The Just Transition requires that affected communities, especially those built around coal economies, are equipped with alternatives, supported through capacity-building, and given a real stake in the future economy. The data collected and verified in this report make clear that Ikwezi Mining is failing on all these fronts.

Rather than preparing communities for life beyond coal, Ikwezi's practices entrench dependency, deepen inequality, and limit pathways to long-term sustainability.

The narrow scope of its projects, lack of engagement with women and youth, and failure to create scalable employment or skills development opportunities stand in direct contradiction to the principles of a Just Transition. As the global and national policy landscape shifts toward decarbonisation, the consequences of such failures will become increasingly severe—both for the communities left behind and for companies that resist aligning with equitable transition models.

Women, in particular, bear the brunt of this exclusion. Their marginalisation from economic opportunities, consultations, and project planning represents a critical gap in both the mining sector and the transition agenda. A Just Energy Transition cannot be achieved without gender justice. Ikwezi's failure to consult women in SLP processes and to provide targeted opportunities for their advancement reveals a deeply patriarchal operational culture that undermines the broader goals of inclusive development.

This report calls for urgent regulatory reforms, community-driven oversight mechanisms, and the full enforcement of the MPRDA and Just Transition frameworks. Government bodies like the Department of Mineral and Petroleum Resources (DMPR) must hold mining companies accountable for the promises embedded in their SLPs and ensure that communities are not only consulted but empowered to shape their development futures.

If the Just Transition is to live up to its name, it must be built from the ground up—with transparency, gender equity, economic inclusion, and environmental responsibility as its pillars. Communities like Newcastle and Dannhauser deserve more than lip service; they deserve a future beyond coal that is truly just.



IKWEZI MINING SOCIAL AUDIT MATRIX

PROJECT	CLAIMED SLP COMMITMENT	DEVELOPMENT POTENTIAL	STATUS	CLAIMED VALUE (R)	ACTUAL VALUE ACCRUED	COMPLETION SCORE (%)	COMMUNITY VALUE SCORE (%)
Small Business Support (Kitchen Project)	Build kitchen for 2 women on mine land and handover ownership.	Low-Medium (Women Empowerment, Microenterprise Support)	Partial- mobile kitchen delivered with basic facilities, but does not meet full needs of the business owners	150,000	Minimal – does not meet full needs of the business owners and business cannot operate profitably	25.0	20.0
ECDC Infrastructure Development (Sunrise ECDC)	Upgrade ECDCs: JoJo tanks, toilets, fencing, educational equipment, etc.	High (Early Childhood Development, Education, Health)	Partially completed (some items delivered, but not aligned with ECDC needs)	200,000	Partial – fencing and basic facilities implemented, but not what was requested	45.0	39.0
TOTAL / AVERAGE				2,150,000		35.0	29.5

- ▶ **Total Completion Score: 70 / 200**
- ▶ **Average Completion Score: 35%**
- ▶ **Total Community Value Score: 51 / 200**
- ▶ **Average Community Value Score: 29.5%**