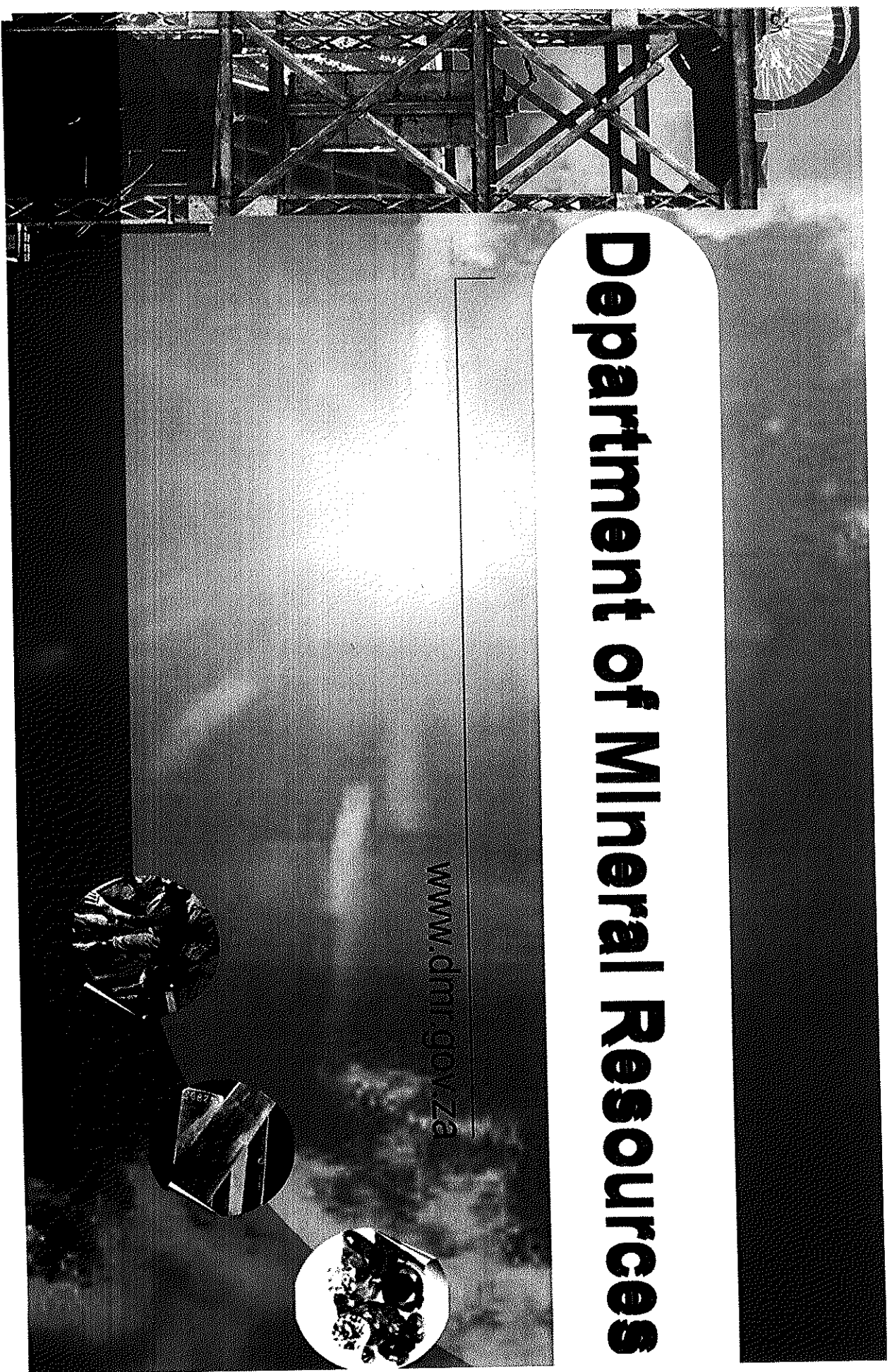


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**PRESENTATION TO THE PORTFOLIO COMMITTEE ON
MINERAL RESOURCES:**

**PROGRESS ON “IMPLEMENTATION OF JOB LOSSES AGREEMENT
SIGNED BY THE ORGANISED LABOUR, BUSINESS, AND THE
GOVERNMENT”**

2nd MARCH 2016

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PRESENTATION OUTLINE

- 1. STATUS OF THE MINING INDUSTRY.**
- 2. IMPLEMENTATION OF THE STAKEHOLDER DECLARATION ON SAVING JOBS.**
- 3. OTHER INTERVENTIONS TO SAVE JOBS AND SUSTAIN THE INDUSTRY.**
- 4. CONCLUSION.**

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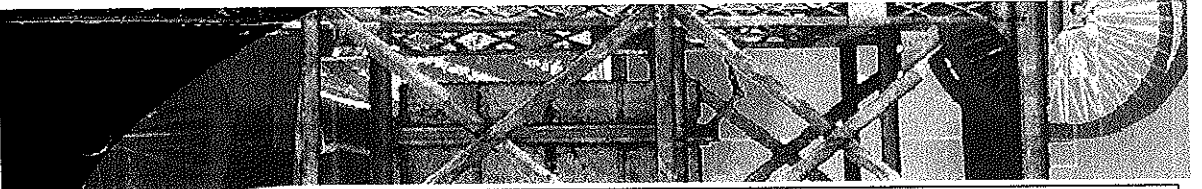
STATUS OF THE MINING INDUSTRY

- The declining trend in mining employment predates as far back as 1986, when employment peaked at 829 000 direct jobs and was arrested in 2004 (when employment reached a trough of Approx. 400 000).
- Since the introduction of the MPRDA in 2004, there has been substantive in employment which peaked at approximately 530 000 in 2012, with platinum industry becomes the leading employer within the mining industry.
- The recent declining employment levels in the mining industry is attributed to a number of factors which include the global economic challenges and slowing down of demand for major commodities as well as sustained low commodity prices for some of the key minerals.

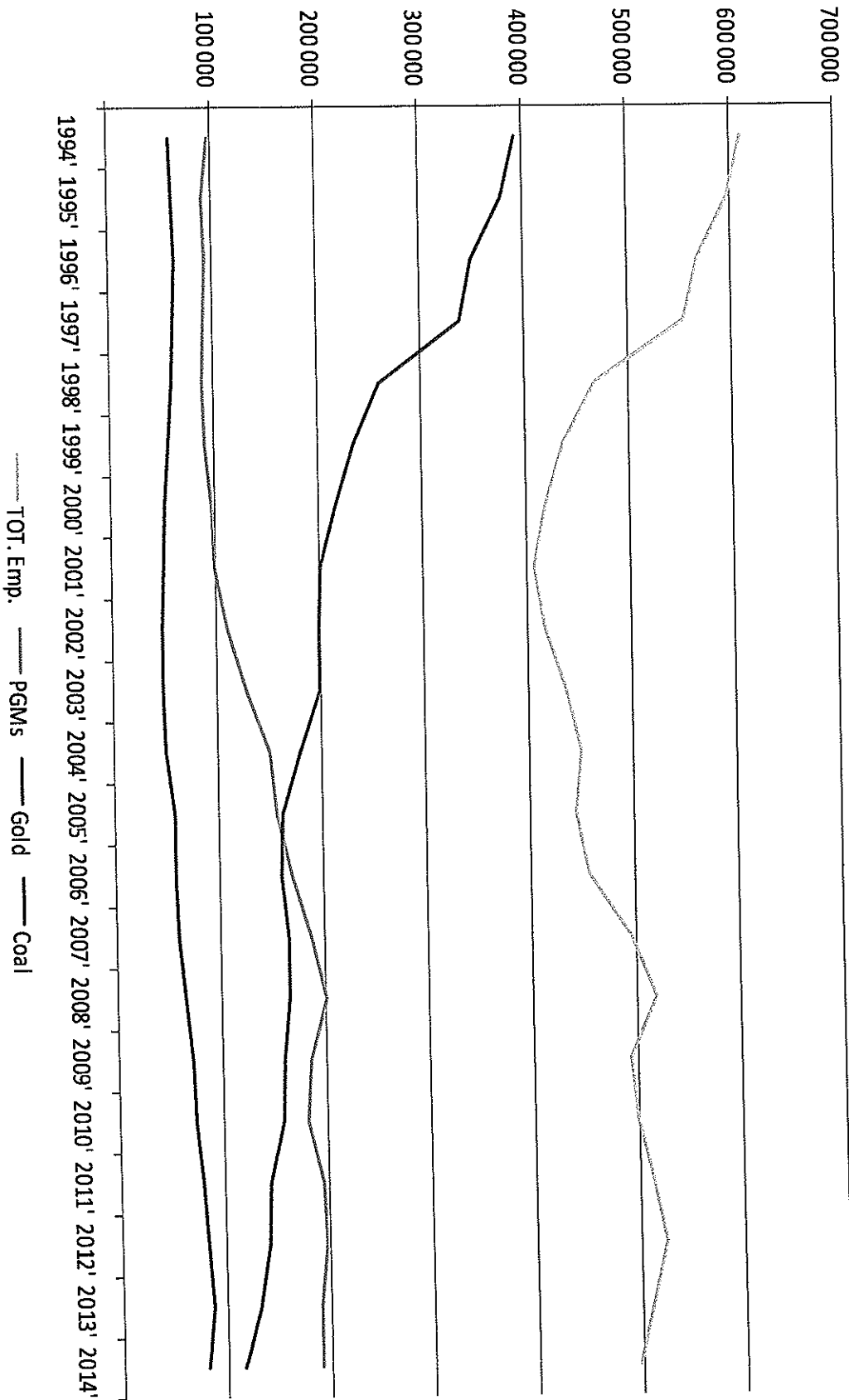
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Employment trend in mining, 1994 - 2014 (3 main commodities)

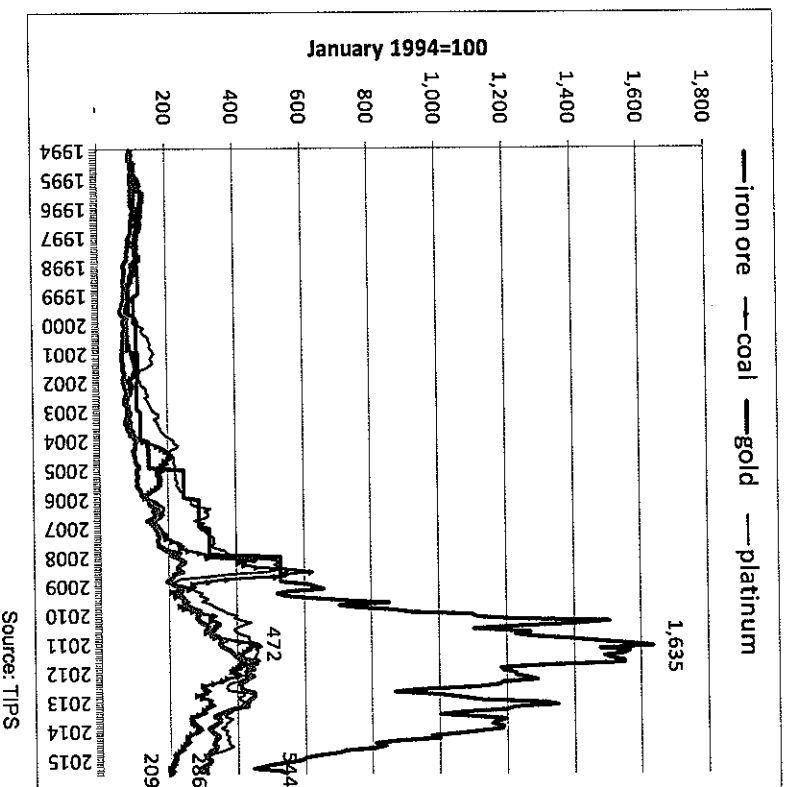


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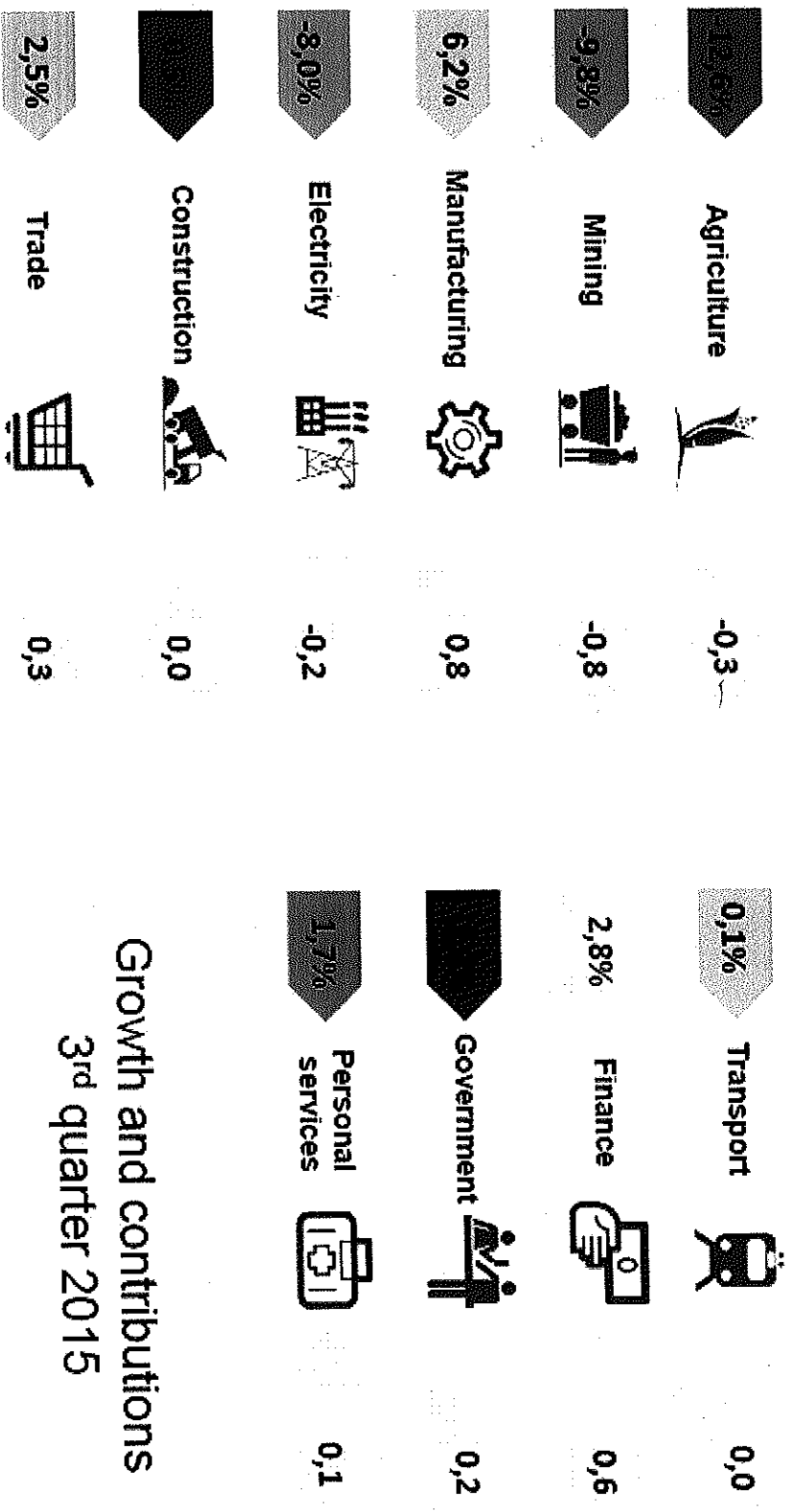
MINERAL PRICE TRENDS



- January 2015 to December 2015:
 - Iron ore price fell by 21%
 - Coal price fell by 20%
 - Platinum price fell by 31%



Industry growth rates for Q3 2015 (Y/Y)



Growth and contributions
3rd quarter 2015

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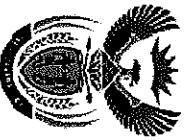




IMPLEMENTATION OF THE STAKEHOLDER DECLARATION ON SAVING JOBS

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Management of Job losses: Intervention mechanism

- In response to challenges relating to job losses, the Department of Mineral Resources convened a mining leadership retreat of organised business; organised labour and Government (DMR and DOL) to address the potential job losses in the mining industry. All stakeholders (Government, National Union of Mineworkers, AMCU, Chamber of Mines, SAMDA, Solidarity and UASA) participated.
- Stakeholders identified interventions that should be implemented to save jobs or minimise job losses, and to ameliorate impact on affected employees.
- The stakeholder declaration on the identified interventions was supported by all and concluded on the 31st August 2015.
- Effectively, the Declaration has been in application for 6 months.

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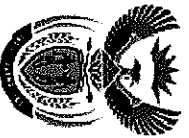
Interventions for saving jobs and ameliorate impact on affected employees.


Proposed interventions include:

- I. Delaying the implementation of retrenchments.
- II. Enhancing productivity and managing cost pressures.
- III. Accelerated concurrent rehabilitation activities to create alternative jobs for mineworkers.
- IV. Facilitating sale of distressed and other mining assets.
- V. Other alternatives to avoid job losses.
- VI. Support for mineworkers in the event that job losses cannot be avoided.
- VII. Utilisation of the Multi National Companies' procurement levy to also support employment opportunities for retrenched mineworkers.
- VIII. Streamlining the processes for downscaling, updating the database and exploring fiscal instruments.
- IX. Investment promotion and market development.
- X. Communication.

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Highlights of progress in saving jobs

Delaying the implementation of retrenchments

- The declaration has reinforced the CCMA processes and resulted in 16 000 affected jobs being held in abeyance while all other available alternatives are being considered.

Accelerated concurrent rehabilitation activities to create alternative jobs for mineworkers.

- The development of the plan for utilization of the rehabilitation funds for concurrent rehabilitation is at an advanced stage.


Facilitation of sale of distressed mining assets

- The decision to restructure and unbundle mining assets, particularly by large multinational corporations presents a new era for emergence of new and transformed mining companies to drive the national developmental imperative.
- To this extent the Department is championing the development of the framework to enable a seamless transition to mitigate the impact of retrenchments as well as the economy.

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Highlights of progress in saving jobs

Support for mineworkers in the event that job losses cannot be avoided.

- The Department of Labour's (DoL) retrenchment response team is being reactivated, analogous to the gold crisis phase of the late 1990's, to consolidate the services rendered to affected workers, which include UIF benefits, financial planning advice, training and re-skilling, database of ex-employees as well as counselling.

Utilisation of multinational companies' procurement levy to support employment opportunities for retrenched mineworkers.

- Addressed as part of Mining Charter amendments to be released before end of April 2016 for public comments.

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Highlights of progress in saving jobs

Streamlining the process for downscaling, updating the database and exploring fiscal instruments.

- Alignment of business processes underpinning Section 52 of MPRDA and Section 189 of LRA is being undertaken.

Investment promotion and market development.

- A PGMS task team has been established to consider appropriate interventions to ensure sustainability of the industry.
- Engagements with the Manganese industry to develop a Marshall Plan for the sector to ensure its sustainability.
- The State Diamond Trader (SDT) leads initiatives to advance local beneficiation of diamonds.



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Other Interventions to save jobs and sustain the industry

Through the collaboration with other stakeholders, about 3900 direct jobs were saved in the gold sector and a further 3031 in the coal sector.

The DMR is also leading interventions in collaboration with key stakeholders to secure medium to long term sustainability of the mining industry. These include;

- Implementation of the mineral beneficiation action plan in term of the 9-point plan, e.g. expansion of the PGM beneficiation industry to grow demand through new product development and applications.
 - Fuel cell electrification plants launched in line with the hydrogen strategy of the DST supported by Dti and DMR. These include rural communities and other industrial applications.
 - Accelerated implementation of the Memorandum of Understanding with the Russian Federation on PGMs that seeks to jointly invest in R&D with platinum industry in finding new application for metals.
- The Department continues to lead the investment promotion of South Africa's mining industry as a favourable destination, protective of the sanctity of investment as corroborated by constant annual World Economic Forum ratings.

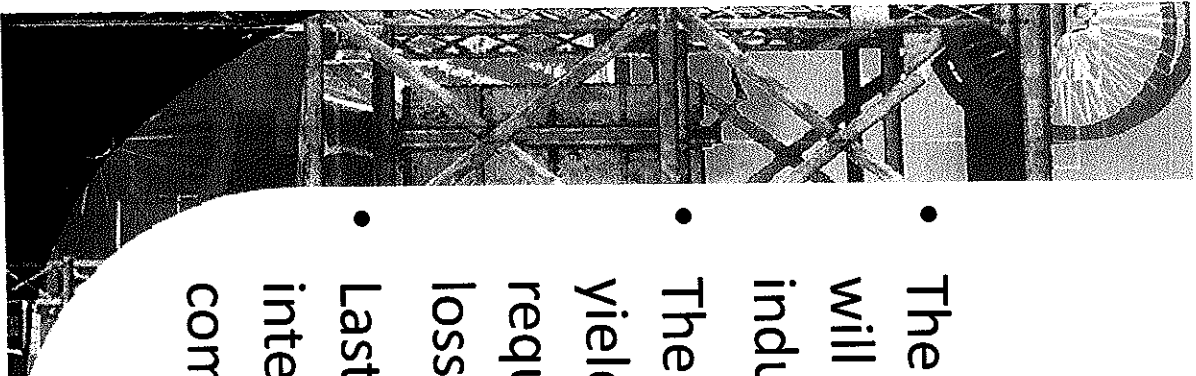
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CONCLUSION

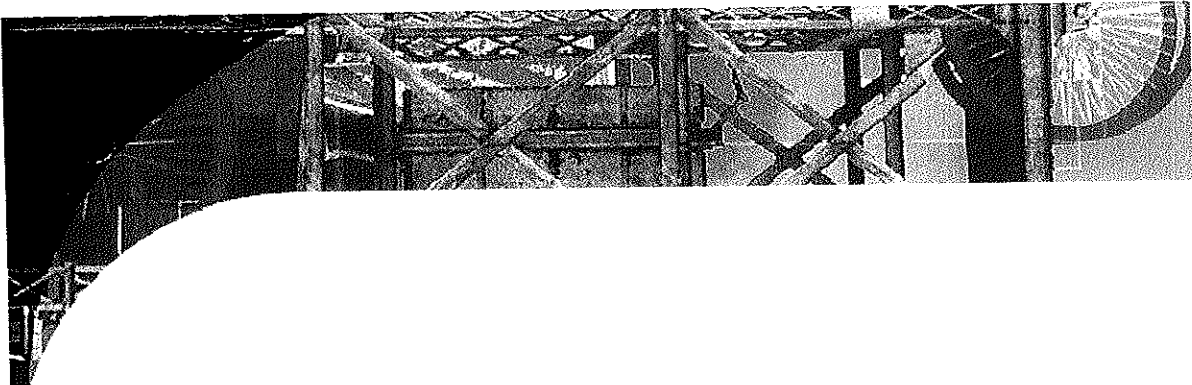
- The DMR through the collaboration with critical stakeholders will continue to play an active role to save jobs in the mining industry.
- The declaration and other initiatives for saving jobs have yielded some positive results. However, greater effort is still required from all stakeholders to deal with the scourge of job losses.
- Lastly, the Department will also continue to implement interventions that are taking to account sustainable growth, competitiveness and transformation of the mining industry.



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I THANK YOU.

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