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MINI PLENARY SESSION – COMMITTEE ROOM E249

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PROCEEDINGS OF MINI-PLENARY SESSION – COMMITTEE ROOM E249

Members of the mini-plenary session met in Committee Room E249 at 10:00

Ms L M Maseko, as Chairperson, took the Chair and requested members to observe a moment of silence for prayer or meditation.

APPROPRIATION BILL

Debate on Vote No 29 – Mineral Resources.

The MINISTER OF ENVIRONMENTAL AFFAIRS: Chairperson, Deputy Minister of Mineral Resources, Cabinet colleagues present here today, comrade Patel, Comrade Skwatsha, Chairperson and Members of the Portfolio Committee on Mineral Resources, I think we should once more take this moment to send condolences to Comrade Zet Luziphó and his family, who buried their father this past weekend; hon members, invited guests, as Nelson Mandela intimated, we have always known that our freedom would never be incomplete until the people of

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Palestine are also free. These words are even truer today, having witness the carnage meted out by the Israeli forces in Gaza yesterday.

We send our sympathies and solidarity to the people of Palestine. We commend the Department of International Relations for its response by withdrawing our country's Ambassador to Israel. Such is our commitment to our solidarity, as the ANC.

It is indeed an honour to table the Budget for Vote 29 before this House today, my 78th day in office. Meaning that this is my maiden budget vote, I cannot be hackled. I have used 78 days to reacquaint myself with critical issues facing the industry, and to understand some of the challenges facing the department.

As stated publicly; policy and legislation, health and safety, mining rights and application for mining licences, and illegal mining along with its related criminal activities; are amongst my immediate priorities and receive urgent attention from our department.

The Departmental Strategic Plan for 2014 to 2019, with its relevant vision, is the framework we work within as a department. Both the

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vision and mission statements focus us in our work as the regulator and enforcer of compliance in the sector.

Vision 2019 states that we want to build “a globally competitive, sustainable and meaningfully transformed mining and mineral sector”, and Vision 2030 sets the task of being “a leader in the transformation of South Africa through economic growth and sustainable development by 2030”.

The Mission set out in the Strategic Plan is that of “promoting and regulating the mineral and mining sector for transformation, growth and development, and ensuring that all South Africans derive sustainable benefits from the country’s mineral wealth. Now this is important, therefore, to reflect on what we have achieved, and look at how we can accelerate the pace of transformation, to realise our overarching socioeconomic objectives.

Hon members, the department is allocated R1,9 billion for the 2018-19 financial year. A considerable portion of this funding, that is, 51% thereof goes to entities reporting to the department, with Mintek and the Council for Geoscience are receiving 83% of the transfers, for 51% allocated to these entities – for the critical work being undertaken in research and development.

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Quite an important work because that is where we invest into the future instead of investing in the current; we look forward. Research and development is quite important because it's future in outlook.

The funding allocated to the department and its portfolio of entities remains inadequate if we are to effectively carry out our mandate. Addressing this anomaly is important, so that as part of the Economic Sectors, Employment and infrastructure Development cluster of government, we are better able to be a catalyst for the growth and development of the economy.

An insufficient allocation of resources curtails our efforts to create more economic opportunities. We are mindful of the fiscal constraints that are imposed by government nationally we support that but our view is that limited resources at our disposal curtails our ability to do what we are supposed to be doing.

A Hon member, South Africa's economy, including its financial sector amongst others, is built on the back of our enormous mineral resources. So, Mineral resources have facilities transformation of the economy from unaccredited economy to what it is today; which have made massive contributions over the years.

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Mining plays a strategic role in economic growth and development. Recent data supported by Stats SA shows that mining production increased by 3,1% year-on-year in February 2018, indicating a recovery from previous periods. However, the positive growth was reversed by the 8,4% plunge in mining production in March, which was a result of the serious downturn of 1% in gold; 8,9% in iron ore and 6,1% in Platinum Group minerals, PGMs. That declined.

You must remember that gold has been active for more than 130 years, and therefore the decline is natural in the sense that minerals are not like drink where you mix water and syrup and produce a cold drink. There are deposits - you mine them - if you mine them out they don't re-grow out there. That the nature.

An urgent message is that we must work hard to instil and maintain stability in the industry. We must ensure policy and regulatory certainty. That is one area that we have focused on because if there is instability in the industry nobody benefits.

The high number of mines and shafts under care and maintenance contribute heavily to the massive decline in both production and employment. And when you talk of a mine that is under care and maintenance we talk of a mine that has economic deposits but it is not mined. And therefore it's a function of high grading where mines

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focus on high grades and reserve the marginal sections to the time when the price improves. Risk goes with that is that you can sterilise those minerals for ever. That is one area that we are looking at.

In this regard, we will meet with companies that are culprits of these practices. We intend to discuss honestly and robustly on the use it or lose it principle, with the mining companies because if you sterilise deposits I don't think we should allow you to sterilise them as you like. We should, again revisit that principle of use it or lose it.

The relative stability seen in the sector in recent times bodes well for the sustainability of mining and creation of a conducive environment for investment.

South Africa accounts for 94% of known global reserves of the platinum group metals, 73,7% of chrome, 29% of manganese, 18,4% of vanadium and 10,5% of gold reserves.

As a leading producer and supplier of a range of minerals, the country offers a highly competitive investment location, enabling us to meet specific trade and investment requirements of prospective

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investors and business people, as we meet the development needs of our people.

The country has the potential to supply a large share of the global demand for many commodities. But the high endowment natural resources and high mineral potential can only be developed and sustained through a vibrant exploration sector.

If you don't explore - you have the deposits and you don't know where they are. Hence the importance of the integrated and multi-disciplinary mapping programme by the Council for Geoscience, at a scale of 1 to 50 000, which is underway, as part of creating capable institutions in line with the aspirations of the NDP.

The programme will help identify new mineralising systems, adding to our flagship Wits basin for gold, the Bushveld igneous Complex for Platinum Group Metals and the manganese fields in the Northern Cape. This will, in turn, assist to secure new resources for development, employment creation, and economic growth and accelerate transformation.

In this current year, we will process the request for the Presidential Proclamation to give effect to the provisions of the Geoscience Act that were held in abeyance when the Geoscience

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Amendment Bill was promulgated. In part, this will bring South Africa in line with the world in respect of submission of all historical and current geological information to the CGS.

Now, on legislative amendments, it is important for us to appreciate the fact that it is urgent for us to accelerate the process of passing the Mineral and Petroleum Resources Development Act, MPRDA, which is now before the NCOP because declaring it is contributing to policy and regulatory uncertainty.

Secondly it is quite important that as we do that we develop and rebuild relationship and trust with our primary clients: that is, the mining industry, business, labour and communities.

Frank and open discussions with our stakeholders will enable us to serve them better. We have started that as you know that in terms of following through the issue of the charter discussions. We are all out there trying to finalise it within the stipulated period of three months. So, we are hoping that we will be able to do that by June and publish the charter.

I can report that we are on serious engagement with all out stakeholders. Up to now we have visited seven mining community areas and we are still having a schedule for another five. Once we finish

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that we think we shall have done a lot of ensuring that there is consultation around that charter. And that will minimise the risk of the charter being rejected and we must.

We must remember that the President called upon us to pull that engagement out of the courts and reach a settlement. We are on the way to do that. We are in agreement with all stakeholders on 80% of the charter. I know that when I talk of 80% I get criticised that how do I measure 80% - sometimes percentages are estimated and if we can finish the five areas that we are intending to visit we shall have covered a great deal of communities that contribute to this.

Now, the mining sector therefore is required to increase its contribution to the GDP of the country. It must operate optimally for the benefit of society. If production is consistently disrupted capacity to deliver is also disrupted. Hence the importance of the department and the individual mines to engage the mining communities and workers so that all stakeholders are part of and appreciate developments in the sector.

One of the things we pick up as we go to these regions is that either the DMR or the mines themselves are not trusted by those communities because they hardly talk to them. Now, trust does not

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fall on you trust is earned by engaging the relevant stakeholders. That is the commitment that we are making.

Transformation and competitive growth will best serve the country when they happen in an environment of mining communities that feel and see the benefits of mining. Communities must not feel that mines pollute environment, create scars on the land and that is all they know. They must see the benefits of having mining. I always describe mining as both a curse and a blessing. Because it creates opportunities but it also creates serious problems. I describe mining as having four Ds: difficult, dangerous, dirty and diseased. So, it's an industry that needs to be attended to. You must all pay attention to it and appreciate the nature of the animal we are dealing with.

According to the Fraser Institute, an international rating agency that rates 91 mining economies, South Africa could potentially be rated at 21 overall.

Currently, on investor attractiveness, we are rated number 47; and are placed number 80 in policy and regulatory framework out of 91. It is evident that the conflict in the industry around the charter and failure to accelerate finalising the Mineral and Petroleum

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Resources Development Act creates an impression in the world that we are not a serious economy and cannot attract investment.

It is therefore urgent for us to complete both those policies and regulatory pieces of work because until we do that our contribution to uncertainty regarding policy and regulatory framework is going to remain big.

Since South Africa is part of the global economic village it is necessary to heed surveys from rating agencies. We should aim to be competitive and use our competitive advantages to attract investment. Sometimes it is short-sighted to feel that why should we impress the rating agencies and investors – what about ourselves? That is being short-sighted and actually a self-defeating assumption that you cannot be competitive when you are in the global village and hope that you can be in isolation. It's a mistake that we should not commit ourselves to it.

The department is in the process of reviewing the Housing and Living Conditions Standards, which are developed in terms of Section 100 of the MPRDA. The review seeks to address the historic and systematic policies of discrimination and marginalisation of mineworkers in terms of their working, housing and living conditions, and to provide for the progressive realisation and protection of their

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basic constitutional right to human dignity through provision of adequate access to housing, better living conditions and related amenities.

The Mineral and Petroleum Resources Development Amendment Bill, 2013 MPRDA is before the NCOP. Our view is that if we accelerate some finalising it we would make a good contribution to the stability of our economy. We will be meeting the NCOP on 7 May and I hope this will resolve all the problems that are outstanding there.

In terms of licensing issuing of mining rights and the proper processing of applications for mining licences is among our key priorities. This aspect of our work is fraught with greater challenges and laced with corruption; from declined prospecting rights, unprocessed applications and unexplained red-tape, is one area that we are paying attention to.

I can tell you that in terms of our preliminary investigation have found that the backlog on new mineral right applications stretches as far back as 2012 in some Regional Offices. It has further been found that the applications for renewal of Prospecting right applications go to as far back as 2010.

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The implication of unprocessed renewal applications is that it blocks any other party from applying for mineral right in that area. No satisfactory reasons were advanced as to why we have these backlogs. The word in the corridors is that applications from 'known' or 'paying' applicants are prioritized. Internal Systems to detect delays in the processing of mineral right application is non-existent. Renewal applications are normally dealt with on applicants request otherwise it is hardly attended to.

I am highlighting this issue because as a department we are committed to deal hard with corruption. And in dealing with corruption we are not only going to chase flies we are actually going to deal with the tigers. So, that is the commitment we are making, because people apply for licenses and you can't delay it because you are not known or you are not paying. You must be assessed in terms of the merits of the application. And if the application is complying with the requirements, you must get your license - that is our view.

We think that applications should be dealt with in chronological order, with frequent report back by chief directors and their respective regional managers to the Directors-General on their status. The Licensing Committee has started meeting more frequently to process the applications.

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In terms of the shale gas, the southern Main Karoo Basin is considered the most prospective area for shale gas, with a possible estimation of 205 trillion cubic feet of gas technically recoverable, as reported by Petroleum Agency SA.

The successful development of this resource has the potential to transform the energy economy of South Africa. To that end, we intend to move with speed to fast-track the finalisation of Exploration Rights applications so that South Africa can maximise its chances of reaping the benefits from shale gas exploration and exploitation.

In due course, I will publish a notice in terms of the Promotion of Administrative Justice Act, to invite comments from persons who may be materially and adversely affected by our decision on the three shale gas applications with us. So, we want to accelerate that. We have been talking about it and it stood there for years and years we doubt what we should do about it.

In terms of enforcing compliance with the MPRDA and the Mine Health and Safety Act it is imperative for the sustainability of mining. The department has embarked on compliance audits on Social and Labour Plans and procurement, which will continue in the current financial year. The aim is to ensure that Social Labour Plan projects are aligned with Integrated Development Plans.

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Our view is that you can't have SLPs of mines not aligned with the IDPs of municipalities because development becomes fragmented and it is in our interest and the interest of those communities to integrate those plans.

The purpose of section 52 process is to prevent mining downscaling, ameliorate job losses and prevent retrenchments in the mining industry, thus saving jobs in the process. In addition to complying with the requirements of the MPRDA, the interventions proposed are also informed by the Stakeholder Declaration adopted by the mining industry in August 2015.

During the past inimical year a total of 26 sections 52 notices, affecting approximately 32 000 workers were received. The mining companies mostly affected are those mining gold, platinum and coal. The Minerals and Petroleum Board, supported by the department, has successfully processed 18 of those applications.

Notwithstanding possible amendments to the MPRDA, the department is in the process of developing regulations for prescribing how mining companies should submit Section 52 Notices. There is also a need to synchronise the implementation of section 189 of the Labour Relations Act and Section 52 of MPRDA. [Time expired.] Thank you, very much I have left out mine health, illegal mining, and others

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like beneficiation. I'll come back to that. Thank you very much.

[Applause.]

Mr I A PIKININI: Hon Chairperson, hon Ministers, hon Deputy Ministers, respected guests and ladies and gentlemen.

Let me take this opportunity first to congratulate the Minister for his maiden speech. Indeed, we are hopeful that having a Minister and Deputy Minister who are mineworkers leading this portfolio, we can move the mining industry forward, for the benefit of all South Africans.

As this is the year we celebrate our icon, President Nelson Mandela, we reflect on our past. Much has changed since uMadiba Omde started his life as a young night-watchman on a mine compound in Crown Mines, Johannesburg. His journey from his birthplace in uMvezo Komkhulu as a shepherd boy to mineworker and ultimately first President of a democratic South Africa is a symbol of hope for the millions who continue to labour in this vital sector of our national economy. When you remain resilient and principled there is no goal that you can't achieve. It was proven by Madiba.

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In one of his earliest addresses to the industry, Madiba spoke to the 104 Annual General Meeting of the Chamber of Mines in November 1994 and reminded us that and I quote:

“The mining industry, by virtue of the place it occupies in our economy, is in a position to make a special contribution to the transformation of our society, which should have as its central objective, improving the quality of life of all its citizens”.

This remains as true now as it was then. President Mandela’s words were merely echoing the Freedom Charter in which our people declared the mineral wealth beneath the soil shall be transferred to the people as a whole.

As we look back, more than a hundred years ago we remember that the contribution of the mines has made to the development of our economy, from the time of the colonialists, such as Cecil John Rhodes the man who founded De Beers Consolidated Mines and then used the profits to extend into gold mining in and around Johannesburg.

Railways from the coast to the interior had to be built to serve the needs of mining. Factories to manufacture everything from steel to dynamite to boots had to be erected. The Rand Water Board was

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established and two universities, which are Wits and Pretoria, were born.

Today, South Africa is the 42nd largest economy in the world out of 190 in nominal gross domestic product, GDP. Thanks to the growth and industrialisation triggered by the commercial development of its mineral resources. We dare not forget, however, especially now in worker's month, that while untold riches were generated from the mines, and many millionaires were created, this was achieved on the back of millions of black and mostly African workers who toiled in the bowels of the earth as cheap migrant labour. The international working class song, Solidarity Forever reminds us about the plight of workers in the capitalist world:

It is we who ploughed the fields; built the cities where they trade;
dug the mines and built the workshops, endless miles of railroad
laid. Now we stand outcast and starving midst the wonders we have
made; but the union makes us strong. We have indeed come a long way.
One simple indicator of this is the dramatic drop in the number of
mining fatalities since 1994.

In 1994, the number of deaths in the sector stood at 578. That number was reduced to 74 in 2017. However, one loss of one human

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life is one too many. We must do all in our power to achieve the ideal of a zero harm policy.

As South Africans, we are blessed with some of the world's largest reserves of mineral deposits estimated at about 2,5 trillion United States dollars. Whilst significant progress has been made, many companies have failed to fulfil their commitments under the Mining Charter between 2004-2014. We applaud those companies that complied and in some instances exceeded the targets set. However, this is not merely a compliance exercise. It goes to the heart of our project of nation building, transformation and building a South Africa of our dreams.

The sign of recovery in commodity markets bodes well for President Ramaphosa's call for us to see mining as a sunrise industry. In 2017 the direct contribution of mining to total GDP was R312 billion, about 6,8%. The contribution of mining to fixed investment was R93,4 billion and total primary mineral sales was R424 billion.

The mining industry paid royalties of R5,8 billion and taxes amounting to R16 billion.

Employment is estimated to have increased by 16% during 2017, which can be attributed partially to the growth experienced in the

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industry. In 2017, exports from mining constituted 27% of the country's R1,1 trillion export revenue.

Since the promulgation of the Mineral and Petroleum Resources Development Act 28 of 2002, MPRDA, in 2002 and the Mining Charter in 2004, the number of women in the industry has significantly increased. However, we must continue efforts to make a career in mining more welcoming to females.

The mining sector is a key contributor to realising our vision of the National Development Plan, NDP. We have been speaking about mineral beneficiation for a number of years now. Precious and semi-precious stones are a case in point where rural folk in the Northern Cape are paid a pittance. The South African minerals continue to build the economies of Tel Aviv, Antwerp and Delhi where the bulk of our diamonds are destined.

Guided by the resolutions of the governing party on Radical Economic Transformation, it is vital that we grow local procurement and provide the minerals for growing local downstream beneficiation to increase opportunities for black economic empowerment, community development and job creation.

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We are now approaching the end of the term of the 5th Parliament. It is therefore critical that we work to the best of our abilities to ensure that there is policy certainty in the mining industry. In this regard, we are firmly committed to support the finalisation of the MPRDA and Mining Charter this year.

Transformation can only occur in a growing and competitive mining industry. We welcome the significant increase in the participation of historically disadvantaged individuals. A number of the Human Development Index, HDI, owned companies are playing a pivotal role in creating value and beneficiating our mineral wealth. This work is supported statutory entities in the sector including the Council for Geoscience, and Mintek.

We congratulate all our entities on a job well done and encourage them to always strive to adhere to good governance and zero tolerance for corruption. More importantly, the department and its entities must continue to ensure that we effectively address unemployment and poverty. We thank you very much for that.

Mr J R B LORIMER: House Chair, the French statesman Talleyrand said of the Bourbons when they were restored to the French monarchy in 1814; "They have learned nothing and they have forgotten nothing." That description of the famously reactionary French dynasty is

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about an as perfect description as one can find of ANC mining policy. It is a twin failure, either to learn from the results of its policies or to be driven by the future rather than the past.

There was a short window of hope for mining when the Ramaphosa Presidency began. That was dashed by two events. Firstly, the Minister making it clear that Mining Charter 3 would be the basis for new charter negotiations. Secondly, by his decision to appeal the court ruling that the charter should be applied according to the once empowered always empowered principle. That made it clear the ANC was not going to have a new approach and remains blind to the effects of its charter.

If somebody starting a mine has to give away 26% of it, it stands to reason that the mine must be 26% more profitable, otherwise the investors will go elsewhere, and they do.

The current discussions with the industry on the new charter continue behind closed doors. The government is touring the country informing communities about them. I wonder if a single community suggestion has been adopted as a negotiation point by the government. When these negotiations are concluded, they will face another court challenge, and if government loses again, there will still be no charter and no certainty and no investment.

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ANC mining policy has to tackle the fundamental conceptual failure of the belief that we can have an increasingly strict sets of rules enforcing race-based giveaways by mining companies and still have a growing industry. The new version of the Mineral and Petroleum Resources Development Amendment, MPRDA, more than four years after parliament passed it, remains mired in procedural and substantive difficulties and has become a millstone around the ANC's neck. It's not on the programme for this House before probably late August at the earliest.

With the bill on the charter uncertain there can be none of the certainty needed to attract significant new investment and even when complete these rules are not attractive to investors. Do not be under the illusion that the mining industry is in good shape. Despite the ANC whistling in the dark to keep its spirits up, it needs to face it, the industry is in a desperate condition.

Statistics South Africa says mining production fell by 8,4 percent year on year in March as we have heard. This is happening amidst signs of another global resources boom. If there is another boom, one thing is for certain we'll miss out on it again.

A recent survey by the Chamber of Mines of 16 mining companies found that new investments halved between 2012 and 2016. The survey also

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found that of the 16 respondents, five were not considering making any new investment whilst another said it may even exit from the country if conditions did not improve this year.

The big employing goldmines are dying. Most of them would die during the life of the next Parliament. They don't make sense anymore and government imposed costs are driving them out of business. That's 100 thousand jobs and nearly R30 billion in employee earnings. Where's the plan to fix it? Those mines could be given longer lives, but this government has neither the wit nor the imagination to come up with such a plan.

The Minister says there's no crisis in the platinum industry - with 60% of those mines losing money. Mines everywhere are high-grading, that is taking out the best of what's left, effectively making what is left not worth getting out. Lonmin is in the process of cutting 12 and a half thousand jobs. And that we see on the papers this morning is a good scenario compared to what else they might be. It would be frightening to know Minister what you would consider a crisis.

A vivid example of mineral harvesting comes from the gold sector where Harmony Gold's Kusasalethu mine said it was going to harvest what was left and cut the life of the mine from 24 to 5 years. That

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is half a career of employment for those four and half thousand mines workers cut to just five years. This is a real result of the ANC's mining policy failures.

Perhaps one person on this side of the House would tell me why in their allocated time it is more important to give mining shares to a few selected cadre comrades that it is to preserve the jobs tens of thousands of mine workers. All of whom have families which will be thrown back into poverty when those jobs are lost.

It's difficult to know how much to believe the department when it presents to the committee. The rosy picture it paints is at variance with what I hear continually from miners and communities. Corruption is clearly a huge problem. I hear of a senior official who will not discuss a rights application before R5,000 in cash is on the table otherwise the application goes to the bottom of the pile.

Stakeholders believe it is so bad they dare not report this crookery for fear that officials will prevent future access to licences and use spurious safety stoppages as a weapon. Before investing here any investor will read what the Minister has referred to "Fraser Institute report" The latest one quotes the executive director of a mining company who says; "The Department of Mineral Resources is corrupt and incapable of administering licenses in an efficient

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manner. Politically connected people receive special treatment on a regular basis”.

I'm sure you will tell me again there is no proof of this. But that is the perception. It needs to be changed. My previous suggestions to use lifestyle audits on departmental officials have been ignored. But now, President Ramaphosa has boosted the idea of these audits. I think that the Minister should add such a project in his own department if he wants to make an effort to win back industry confidence. It's easy to restore confidence, but you have to indicate some substantive change.

We maintain our belief in the useful work being done by Mintek and the Council for Geoscience. We maintain too, our belief that the State Diamond Trader should be closed down. Based on our experience of the South African Diamond and Precious Metals Regulator, we believe it hinders diamond mining by tangling it in a thicket of unnecessary regulation. For the R60 million that government spends on the regulator we get two of their five of their five strategic objectives having nothing to do with their mandate and instead trying to do the work of a development agency. This is a country where at least R6 billion is taken out by illegal mining, mostly of diamonds and precious metals. The regulator is a failure and must go or be radically repurposed.

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If we are interested in real empowerment we must now focus on growing junior mining companies. The junior sector is struggling. The regulatory burden and rampant corruption stop it developing. Regulations must be better designed to foster new junior miners and to this end, we believe the government should be looking seriously at differentiating its regulatory framework to lift the burden crushing new entrants.

There has been talk of an NPIDL light, I believe this should be vigorously pursued. The DA alternative is completely clear. We would change the paradigm, not only for junior miners but for all mining companies. That means deregulation. That means making it easier to mine, not more complicated and thus more expensive. That means fewer rules properly enforced. That means certainty, one law that doesn't change according to the whim of some official. That means that mining regulation should be about mining, not about some grand scheme of social engineering.

Most of all, it means a change in attitude by government to one where they work together with miners and investors to deliver returns, create value and create jobs, thousands of them, and that is how we get out of poverty. The Minister describes companies taking measures to avoid closure as culprits... that tells me more than you know about the slim possibility for a good working

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relationship between this government and the industry. But this is how we transform. This is real transformation. From the reality of half the country being in poverty to a growing, wealth creating, inclusive success story, learning from the past and looking toward the future.

So, the ANC has a choice: It can carry on with business as usual, and continue with the slow-motion car crash that mining has become, or it can learn from its mistakes and change course completely to grow the industry to the benefit of all our people. We need total change if we are to avoid total disaster. [Time Expired.]

Mr T RAWULA: When the Mineral Petroleum Resources Development Act was enacted in October 2002, through section 3 which says, mineral and petroleum resources are the common heritage of all the people of South Africa and the state is the custodian therefore for the benefit of all South Africans, we effectively nationalise all mineral and petroleum resources. Despite nationalisation of mineral and petroleum resources, despite one of the richest mineral and petroleum resource country in the world, the sector contributes less than R20 billion in taxes annually, just over 1% of our budget.

The mineworkers continue to get paid slave wage, live in hostels like animals and cannot feed their families.

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IsiXhosa:

Abasebenzi badla umhlala phantsi eMpuma Koloni bengazange bazifumane imali zabo zomhlala phantsi, abaninzi balandulele eli bengazange bazifumane imali zabo, izibindi zenu zinentsimbi.

English:

As if this was not enough, the Mineral and Petroleum Development Amendment Bill that was introduced in July 2013, in the 4th Parliament not the 5th Parliament has not been signed. It has been more than 1 600 days and the Bill has not been signed because section 80 and 84 says:

Government has a right and a free carried interest in all new explorations and state participation in the holders of production rights.

This is also a clear and concrete demonstration of the inability of the ANC government not only to govern, but to legislate transformation. Instead, Mining Charters and social labour plans that are optional, are not enforceable and have dismally failed are the preferred path towards transformation.

However, what did not help this department was the appointment of the corrupt Gupta stooge Mosebenzi Zwane. When he was appointed, we

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warned you that the man is captured and corrupt, but you defended him.

IsiXhosa:

Sifuna aze pha kule komiti, azophendula ngezityholo zobuqhophololo nalapho adlale indima uncedisa Gupta's ngelixa enguMphathiswa weziMbiwa. Andiyazi ingathi i-ANC iyachwechwa kulento kaZwane kutheni na. Ingaba nifuna umkhusela kobobuqhetsebe nobuqhophololo?

English:

By the time he was removed from that Department of Mineral Resources, the damage done cannot be reversed, and many people must go to jail. The Shiva Mine in Mpumalanga that was in operation, it was run down by the Guptas, workers were not paid and social labour plans were thrown in the dustbin. The mine was then put under the rescue plan and started to recover; the workers are now paid and social labour plans are now recovering and there is a potential of 2000 jobs to be created under the plan.

Now, Guptas are being helped by the state finance development institution Industrial Development Corporation, IDC, to regain the Shive Mine under the Gupta, frustrating the business rescue process to get the mine back in its feet. It is really shocking. It shows that the ANC is not serious about dealing with corruption.

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Mines are killing our people because safety requirements are sacrificed for profits. The department capacity to do inspection, like anywhere else, has collapsed and mines inspect themselves.

IsiXhosa:

Abantu badilikelwa yimigodi ezimayini babhubhe, imizimba yabo ingafumaneki, abasebenzi bakhwela ikheji ezihexayo kuba isebe alinasakhono sokuhlola ixilongwe ubume bokhuseleko. Yiyo lonto abasebenzi ezimayini bebhubha bengathandazanga. Wonke umsebenzi obhubhe ezimayini ngenxa yokhuseleko olungatshongo khona, makanikwe ikxaso-mali engangezigididi ezintlanu zeerandi ubuncincinane. Loo nto iyakunqanda ukufa kwabantu ngokungangakhathali kwenkampani kunye norhulumente. Abantu bayatshabalala besifa, abe urhulumente ekhusele inzuzo yoongxowankulu. Loo nto ibonisa ukuba urhulumente akabahoyanga abasebenzi basezimigodini. Uxolelele ujinga iliso ekhusela oongxowankulu.

English:

It is our submission as the EFF, the killing of mineworker, because of poor safety requirements, is equal to murder by the mine bosses, worker' safety and their killing in mine is not a priority to ANC-led government. If it was a priority, the state would have prosecuted and sent to jail a mine bosses for every death of a mine worker.

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Lastly, we must remind you Minister, the last you said you will never share the seats of Parliament with red overalls; we want to tell you that you have misled the nation. You are now sharing Parliament with us. By the way, let me welcome you in this Parliament and I also want to tell you, Minister, that we are baptising you by rejecting your Budget Vote, we reject it.

[Interjections.]

Mr J A ESTERHUIZEN: Hon Chair and Minister, there can be no question that the poverty and underdevelopment in South Africa and even on the African continent stands in stark contrast to the abundance of its mineral resources. Through this it's obvious that the view of mining taken by the government has been thoroughly deficient, as it sought to rather prioritise rent maximisations whilst ignoring mining's innate ability to function as a powerful lever of structural economic transformation. The National Development Plan recognises this and recommended that the Mineral and Petroleum Resources Development Amendment Bill should be amended to ensure a predictable, competitive and stable regulatory framework, but unfortunately it seems that the intent of this department is to do exactly the opposite of what the National Development Plan, NDP, proposes in this regard. It increased administrative discretion by delegating important regulatory functions to the Minister of Mineral

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Resources, particularly in regard to local beneficiation of minerals.

Therefore, if that is not enough it's trying to further cripple the industry by removing all statutory time limits for the granting of rights in the Act itself. The migrant labour system, endemic to much of our mining industry and an unpleasant hangover from colonialism and apartheid, is a scar on the industry, which desperately needs and requires reforming. Between 1999 and today in 2018, the cost of labour at our mines has increased by over 300% while productivity declined by roughly 50%. So, in reality we are producing half of what we did before at 300 times more of expense. What is worse is the continued delay in the promulgation of key minerals legislation, which is deterring the investment required to make this country's mining industry successful.

Mining is an industry with long-term horizons. When making investments, mining companies have to project strategy decades ahead. They need certainty as to the rules under which they operate. They will simply not invest if there is any reasonable fear of unfair or unpredictable regulatory changes. The sad irony is that, whilst South Africa's mining potential diminishes under the Department of Mining Resources' mismanagement, the country's economic growth remains inadequate to drive the changes required for

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this country's socioeconomic challenges. The IFP supports this Budget Vote, but, because of the infrastructure that mining companies create in rural and underdeveloped areas that uplifts communities, not because of this communities ability. I thank you.

The DEPUTY MINISTER OF MINERAL RESOURCES: Hon Chairperson, thank you very much for the opportunity, hon Minister of Mineral Resources Comrade Gwede Mantashe, Ministers and fellow Deputy Ministers, hon Chairperson Comrade Luzipho in absentia and members of the Portfolio Committee on Mineral Resources, Nkosi Mandla Mandela and all other traditional and religious leaders here present, hon Members of Parliament, leaders of business and trade unions, representatives of civil society and communities, the Department of Mineral Resources team led by the director-general, distinguished guests, ladies and gentlemen good morning.

This Budget Vote 29 before us today represents numerical expression of our policy implementation proposals. It is clearly inadequate for a critical economic department as the Department Mineral Resources but we will do our best to execute our mandate under the circumstances. We therefore request hone Members of Parliament to support this Budget Vote 29. My speaking time in this debate has also been reduced by over 30% but as a former boy scout let me do the job and complain thereafter.

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It is on occasions such as these we remember and salute the very many brave men and women who fought for and sacrificed their lives in our struggle for democracy. Stalwarts and veterans such as Mama Winnie Madikizela-Mandela, former Ambassador George Nene and Former Minister Zola "Gentle Giant" Skweyiya who passed on last month to name but a few. How fortuitous that in the year Mama Winnie Madikizela-Mandela passed on we also celebrate the centenary of the birth of Tata Nelson Rolihlahla Mandela and Mama Albertina Sisulu. It would be remiss of us as a nation, if we did not use this as an opportunity to reflect, appreciate and live the humble service as espoused by these giants of our struggle.

That we celebrate the centenary of Madiba's life this year is a clarion call to each and all across the globe that a life is worth celebrating when it is founded on ethical values, and dedicated to the fight the liberation of mankind. Madiba reminded us that:

To be free is not merely to cast off one's chains but to live in a way that respects and enhances the freedom of others.

Last month on 27 April 2018, we celebrated 24 years of democracy, just to remind you, fighter, which also marked the end of over 300 years of colonialism, oppression, segregation and white minority rule. The inauguration of a democratic dispensation in our country

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enjoined us to work together tirelessly, as a nation, to eradicate poverty, unemployment and persistent inequality in our society.

This month of May, is also Workers' Month and it is only appropriate for me to use this opportunity to pay respect to our nation's working population, to honour their daily contributions to the nation's wealth and welfare, and to also honour their hard work and dedication towards building the prosperous future we aspire for our society. We also wish to congratulate the bus drivers, their unions, employers and all other role players on reaching an amicable wage settlement yesterday.

As an ex-mineworker myself, it is not merely an expedient statement from a political platform but rather an expression of my deep felt sympathy and appreciation for what our workers do on a daily basis. Whereas our democratic South Africa has done much to recognise workers' rights and to enhance their living standards there is no doubt that we still have more to do. From a minimum wage to a living wage; from unsafe working and living conditions to decent accommodation and zero harm environment.

We need to make sure that we eliminate work place prejudices and in particular we need to ensure gender equality in terms of access to opportunities and workplace rights across all industries. Most

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significantly our focus should be on the elimination of working class poverty.

I am happy to report success in the matter relating to ex-mineworkers. To date we have a reliable database of over a million current and former mineworkers to work from; and qualifying claimants are paid out on a weekly basis and in the last 12 months over 10 000 have been paid with a value of R250 million. [Applause.] We also wish to commend the Silicosis Class Action participants for their successful settlement of over R5 billion for specified gold mineworkers. There is now over R20 billion available to ex-mineworkers in the form of medical compensation, pension and provident funds and recently Harmony Gold Mines reported about 13 potential millionaires amongst their former mineworkers. Of which is a figure that we will verify and celebrate.

Four special clinics for mineworkers have been completed in four provinces to attend to their free medical benefit examination plus another seven in the SADC labour sending areas such as one in Botswana, and two each in Lesotho, Mozambique and Swaziland. We want to thank the Global Fund for funding these special clinics called the one-stop service centre. The Logistics Co-ordinating Centre, LCC, is also up and running and we want to thank the Chamber of Mines for providing office and the Gold Working Group for funding

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the operations and the LCC staff for their sterling work and dedication to service.

We obviously need to accelerate the programme and thank the collaboration between the Departments of Labour, Health and the Mineral Resources on the one hand and on the other, the Chamber of Mines, Gold Working Group, trade unions such as NUM, Numsa, Amcu, UASA and Solidarity for their excellent co-operation. In particular we also wish to recognise all international donors funding that supported this programme.

At the end of this month we will be celebrating yet another milestone in Kimberley where the former zama zamas now called the Kimberley Artisanal Miners have two mining permits that we issued on 30 April 2018. They also successfully negotiated a tailings mining resource, TMR, or dump from Ekapa Mining; and also have access to 500 hectares of diamondiferous ground called floors to mine for them. Some of them are already properly licensed to trade and deal in rough diamonds.

The collaboration between the stakeholders such as the Department of the Mineral Resources, the Office of the Premier in the Northern Cape, the SA Police Service, Ekapa Mining, Sol Platjie Local Municipality and the Swedish Housing Company must be commended. We

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are continuing to legalise what was called illegal mining in a very meaningful way. [Applause.]

We, Minister Gwede Mantashe and I are challenged to focus on the revival and prosperity of the mining sector. The masterpiece of our corrective action plan should be to realize what His Excellency, President Ramaphosa said in his inaugural state of the nation address:

Mining is another area that has massive unrealised potential for growth and job creation.

Hon members, let me pause here to recognise and welcome the leadership of hon Minister Samson Gwede Mantashe to the Department of Mineral Resources team and to applaud him for his soft and decisive leadership displayed in this short time since he joined us.

Mr T RAWULA: Hon Chair, on a point of order: I rise on Rule 68 – Irrelevance. The Deputy Minister spent seven minutes on preamble, irrelevant to the minerals and now he is finishing by being irrelevant again. He is not talking about minerals now. He is busy now giving protocols and we do not deal with protocols here. Relevance is relevance.

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The DEPUTY MINISTER OF MINERAL RESOURCES: Notwithstanding the perpetual prophets of doom amongst us, South Africa remains the resourced rich country. We are going to continue to ensure that the minerals benefit the people of this country on beneficiation, rehabilitation and ensure that we get energy security for our country.

In conclusion, let me teach you something that you might not know by giving this hon member this quote by Nikolai Ostrovsky in his book, *How the Steel was Tempered*:

Man's dearest possession is life. It is given to him but once, and he must live so as to feel no torturing regrets for wasted years, never to know the burning shame of a mean and petty past; so live that, dying he might say: All my life all my strength were given to the finest cause in all the world - The fight for the liberation of mankind.

You see EFF; you are going to take a very long time before you learn the ropes of this Parliament. Thank you very much.

Ms H V NYAMBI: Hon Chair, Ministers and Deputy Ministers, Department of Mineral Resources and guests on the gallery I greet you all. As the ANC we support the Budget Vote. We are debating this Budget Vote

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when global economic growth is firming and the outlook on commodity prices internationally is positive. However, our domestic economy has been shedding jobs in key sectors over the past few years, including in the mining industry.

The President of the Republic of South Africa, His Excellency Cyril Matamela Ramaphosa, announced in the state of the nation address the government's intention to host an investment conference later this year. The African National Congress believes that our country is an attractive investment destination with as yet unrealized potential. The mining sector in South Africa is recognized internationally by investors that it provides one of the most attractive opportunities for investment. The Department of Mineral Resources has a strategic role to play in terms of its mandate which is to promote and regulate the minerals and mining for transformation, growth and ensuring that all South Africans derive sustainable benefit from the country's mineral wealth.

We appreciate that mining is an industry that requires long-term investments, therefore, the most important role that the department must play in the short term is to provide policy certainty so that investors are able to make long-term investment decisions. We are encouraged by the work done by the Minister and the Department in

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their ongoing engagements with mining stakeholders which seek to resolve the disputes around the Mining Charter.

Xitsonga:

Mutshamaxitulu, hi ku ya hi section 100 ya nawu wa Mineral and Petroleum Resources Development Act, MPRDA, tsalwa ra timayini ri na nkoka swinene hikuva ri nyiketa Holobye matimba ya ku simeka milawu, maendlelo na mpimanyeto lowu nga ta pfuna vanhu lava ha sungulaka ku nghenelela eka mabindzu ya le timayini ngopfu-ngopfu vanhu vantima lava a va tshikileriwile, vavasati na vantshwa.

English:

As the ANC we are unapologetic and we will never compromise on the mandate our people has given to us. Our people voted for the ANC because we made a solemn commitment in our manifesto to beneficiate our mineral wealth and transform the mining sector. We will transform mining so that the benefits of our minerals, the heritage of South Africans are shared by women, our youth and our rural communities as we celebrate the year of our mother, Albertina Sisulu. That is why our 54 National Conference resolved that as the ANC we support the broad objectives of the newly promulgated Mining Charter. The consultation on the Charter is meant to ensure that investment and employment levels in the sector are not negatively affected. Government will deal decisively with mining companies that

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resist transformation. As the Portfolio Committee on Mineral Resources, we have called repeatedly on the Department to provide the names of companies that have failed to meet their transformation targets.

We appreciate that in the Medium+-Term Expenditure Framework, MTEF, period, National Treasury has allocated additional resources to the council for geosciences programme of geological mapping which is essential for promoting mineral prospecting, infrastructure development as well as food and water security. We hope that more resources will be allocated to this project in future in order for the Council complete its ambitious plans to achieve high resolution integrated on and off-shore geosciences mapping.

The Department of Mineral Resources, DMR, has to ensure that our mining sector remains competitive globally by supporting the development of technology, research and exploration. We are happy that the department has met most of its targets set in the MTEF period in ensuring the delivery of services to the people. The DMR has done well as it has achieved more than 82% of its targets in the first three quarters of the financial year. The evidence of the efficiency in the department includes the number of mining career awareness programmes, and bursaries towards mining related

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qualifications. These projects were identified for vulnerable groups and 100% of the targets were achieved.

Xitsonga:

Leswi swi koxa ku beriwa mavoko.

English:

Gender equality strategic plans were also implemented. The ANC is committed to accelerate radical economic transformation and inclusive growth with a particular focus on women in mining. In order to spread mineral wealth to all our people, as the ANC we resolved in our Conference to create a sovereign wealth fund to ensure that the free-carry shares in mining are retained by the state, acting as the custodian of the people as a whole. The government will focus on the beneficiation and the building of high value-added infrastructure that will ensure value chains in the medium to long term. As part of transforming the mining industry, the government will put in place a strategy to inwardly orient the components of mining which are crucial for metals fabrication and engineering activities in support of a coherent strategy of ... industrial development based on beneficiation.

Mr N S MATIASE: I rise on a point of privilege. We seem not to be protected because there is no interpreting service and the member

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said something ... which I did not understand. It is like we are being abused here.

The TEMPORARY HOUSE CHAIRPERSON (Mr A F MAHLALELA): I am not sure, I did not check the issue of translations but there must be one though I didn't even see you using it, hon Matiase. I then thought you understand Xitsonga. I didn't see you putting the earphones on, now you are saying something she never said. Okay, hon member can you roundup.

Ms H V NYAMBI: In order to socialise the ownership function and go beyond a narrow focus on individual empowerment, the ANC has resolved that increased ownership targets in the mining sector should primarily benefit state, community and employee ownership. In particular, the free-carry shares should be held in trust by the state rather than be allocated to a few individuals. The state-owned mining company must be strengthened so that it can play a significant role in the mining sector. We are confident that the department has the necessary capacity to ensure effective use of the budget to achieve the policy objectives of government.

Xitsonga:

Ha khensa.

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Mr S N SWART: Hon Chairperson, the ACDP shares the view expressed by the committee in its report that while the department appears to be a model department with a clean audit and 82% of its performance goals achieved, yet the minerals and mining sector remains in significant disarray. Now, we know that high operating costs and a persistent policy uncertainty has contributed to the decline in investor confidence. It is shameful that real fixed investment in mining has been stagnant since 2008. I am sure, Minister, that is a concern to you as well.

The revival and promotion of the mining sector is undoubtedly crucial if South Africa is to reduce unemployment and address poverty and inequality. The ACDP is also very welcoming of the fact of the R5 billion historic silicosis mediated class action settlement. When I first came to Parliament we went to London with an interparty group to negotiate the People's Republic of China, PRC, matter and we are grateful now that the South African settlement has been achieved one of the biggest most expensive class action settlements relating to past and present mineworkers. The challenge now, of course, is to find those mineworkers and to ensure that they have those claims. Of course, remember if a mineworker has died, the claim goes to his beneficiaries as well and we need to pass that on.

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One of the reasons I'm participating in this debate is to highlight the information we obtained in the Eskom inquiry, particularly relating to the poor mining industry. We are very grateful that this committee has decided on for more inquiry into the role of former Minister Zwane and others. What we need to ask ourselves is how we as Parliament got into this situation and what steps are being taken. Yes, there is a commission of inquiry, but we as Parliament need to exercise our oversight in this regard and ensure that something like this never happens again.

What was the most shocking to us and other members of that committee was how Eskom and department treated existing major mining companies, including Exxaro which has been a pioneering force for black economic empowerment, BEE, in the mining industry. Minister, I trusted that you would read this statement and evidence and I trusted the committee members that were engaging in this for more inquiry who also read the evidence. Was Eskom and the department leaning over backward to accommodate the purchase of Optimum by the Guptas related Tegeta. Exxaro and other companies were desperate for assistance, wrote to the department and the Minister and tried to have meetings with the then chief executive officer, CEO, Brian Molefe, but were totally ignored. Even the National Union of Mineworkers approached the department in an attempt to prevent the closure of the Arnot Mine which was then closed with the loss of

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1 500 jobs. That is disgraceful. There is 70 million tons there ...

[Interjections.]

The TEMPORARY CHAIRPERSON (Mr A F MAHLALELA): Can you round up, hon member?

Mr S N SWART: Sorry, one minute?

The TEMPORARY CHAIRPERSON (Mr A F MAHLALELA): Yes, round up.

Mr S N SWART: Round up. Lastly, may I just say that the ACDP wishes to extend its sympathy with the families of all miners who have died in the last year. Every life lost is a tragedy. In the last few minutes I would also like to say that Minister whilst I appreciate your sentiments about Palestine and saddened at the loss of life yesterday in Israel on the Gaza border, we are disappointed at the recall of the South African ambassador. This will deprive us as a nation from playing our meaningful mediation role in the Middle East. We need to call on us to work for peace and pray for peace in the Middle East. Pray for the peace of Jerusalem. Am Yisroel Chai. I thank you.

Mr N T GODI: Hon Chair, comrades and hon members, I also would want to congratulate the Minister on his maiden budget speech. I listened

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carefully to presentation and that of the Deputy Minister and want to assure you of the support of the APC and all Africanists, especially when we deal with matters of transformation because this is an industry that is yearning for transformation. Mining and agriculture were actually the most pronounced in the colonial relations of production and were industries that in classical Marxist description of primitive accumulation, literally dripping from every pour with the blood of the workers. Therefore, we need substantive transformation.

Another talk transformation beyond the mere change of ownership where Africans own mines, Africans buy share, but the culture in the mines remain colonial - they remain the same. That cannot be transformation. It remains the same to the extent that it relates to the attitude and the treatment in the position of the workers in relation to the wage structure, in relation to accommodation and in relation to mining death where issues of mine safety are not given the kind of attention that they should. Transformation in relation to how mining companies relate to communities where when you go to Sekhukhune, Mokopane, and anywhere else where minerals are being mined on a daily basis. However, those communities are worse of than the villagers in Bushbuckridge where there is no mining. The Mining Charter and social labour plans that are meant to ensure that communities are an active integral part of the mining processes are

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not properly monitored. They are not enforced at all. Mining companies do as they please. If we are talking about transformation, Comrade Minister, for me it would be that when I go to Sekhukhune I should find that there is a new culture and new relationship between the communities and the mining companies and the department is able to enforce legislation.

Comrade Deputy Minister, you touched on important issue around ex-mineworkers. I really would want to urge that the plight of ex-mineworkers should be attended to much more strongly than a programme under your department - the totality of government and society. Yes, you have a list. How reliable it is? Why do we still have people who might be outside that list? Why should it be difficult for us to match a person and the mine where they were working and the benefits that they should get? Why should it be a never ending process and others dying without having received the benefits that they are due?

Lastly, the question of illegal miners, I'm happy that government is doing something. It should have been done yesterday because the people who are called zamazamas derogatively are desperate people who have the skills and who are hungry and who see opportunities, they need to be brought into the main streams so that they assist us in alleviating the unemployment challenges in our country. Comrade

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Minister, the APC will support the budget, I hope that you are still a communist and not a ... [Applause.] [Time expired.]

Prof N M KHUBISA: Chairperson, hon members, as the NFP we welcome the Minister of this department, we hope that he brings to the department the much needed experience that he gained as a unionist and also working in the mine. Minister, you have hit the ground running, there is so much transformation that is needed in this department.

The first thing to do is to ensure that the mining industry does not become a death knell for mine workers. The recent death of mineworkers in Sibanye Stillwater mine has left the whole nation mourning. The continued suffering of mineworkers who succumb to Tuberculosis, TB, and other ailments tells a sordid story of an industry that has to wake up and attend to these issues.

Most mine bosses and captains of this industry still put profit above the welfare, safety and health of workers. The capitalistic motives Minister still supersede the lives of the working class and this should not be the case. From 2014 to date, the NFP has been very vocal about the companies, especially the multinationals that expropriate our mines and take the products abroad across the seas

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to be purified and sold at the value determined by them whilst our people are languishing in poverty and unemployment.

We said that those companies from abroad that do mining in South Africa must take South African mine workers on board, particularly the companies that are owned by the black entrepreneurs. It is not sufficient to produce a few mining magnates, we need more people, especially our black folks that would be involved in this industry. The Captains of industry have been experts on the issue of neglecting communities in the proximity of mining companies.

Mining companies must build houses for communities that are next to them. They must build clinics, schools and recreational facilities.

Minister, we support consultation that you have embarked on and with regard to bringing all stakeholders on board. It is hoped that this will contribute towards the review of the Mineral and Petroleum Resources Development Act 28 of 2002 and other legislative frameworks that will ensure regulation of the mining industry like the establishment of the mining company of South Africa as the state-owned mining company and the finalisation of the African Expropriation and Finance Cooperation Bill, the amendment to the mine Health and Safety Act 29 of 1996. The department has a sole mandate comrades and it is to:

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Promote and regulate minerals and mining sector for transformation, growth and development; and Ensure that all South Africans derive sustainable benefits from the mineral wealth. This has not been the case.

As the NFP we say Minister and Deputy Minister these are the issues that have to be looked to because they are very important for all of us as South Africans and also to bring that confidence to the investors, especially in this industry. I think these are issues that we feel that they are pertinent and have to be looked.

We support the Budget. Thank you very much.

Mr M H MATLALA: Hon Chair, Comrade Mantashe, the Minister, Comrade Olifant, Deputy Minister, Ministers and Deputy Ministers present here, the Chairperson of the Portfolio Committee, Comrade Zet in absentia, members of the portfolio committee, Chairpersons and CEOs of the entities present here, ladies and gentlemen, fellow South Africans, mineral resources is one of the better performing department of our government. As the ANC, we are proud that the Department of Mineral Resources and most of its entities have once again achieved clean audit outcomes in the previous financial year. [Applause.] Comrade Chair, this represents a perfect scorecard and progress for three years in a row. We are confident that the

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Department of Mineral Resources will achieve the same audit outcomes this year.

This Vote supports legislation and policies that the Department of Mineral Resources is responsible for, which include the Mineral and Petroleum Resources Development Act, MPRDA, Mine Health and Safety Act as well as the Mining Charter. The strategic aim of these policies is to ensure that there is equitable access to the benefits of mineral resources to all our people.

Comrade Chair, the department has a mandate to ensure that mining is sustainable and that the potential environmental hazards of mining are mitigated through the monitoring of adherence to environmental laws.

Comrade Minister and the Chair, our communities, particularly people living in largely rural provinces bear the brunt of the misapplication or neglect of our government's policies. In this regard, the Department of Mineral Resources has a responsibility, Chair, to ensure that mining companies conduct meaningful consultation with our communities on the impacts of mining and how these operations can stimulate local economies through providing jobs, utilising local service providers for mining supplies, and creating local manufacturing, logistics and service industries.

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Hon Chair, sustainability is the key to ensuring that the economic benefits of mining extend beyond the life of the mine itself. The new approach to mining as a sunrise industry, therefore, means some of the practices of the past whereby mining was responsible for serious environmental and health hazards to our people have to be combated and reversed.

Hon Chair, the Department of Mineral Resources was allocated a budget of R1,8 billion for the 2017-18 financial year. This represent a 7% increase of R118 million more than the amount allocated in the 2016-17 financial year.

Therefore, the Department of Mineral Resources has demonstrated an impressive stability to spend its budget. The sign of sound financial management and control of the Department of Mineral Resources is that it has been spending exactly 100% of its budget, or slightly less, by the end of each financial year.

At the end of the third quarter of the previous financial year, Chair, the Department of Mineral Resources had spent 77,3% of its allocated budget. In the previous financial year, the department has spent 76,3% at the same point in the year.

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By December 2017, the department had transferred R722,4 million in transfers and subsidies to the entities under its supervision. This, Chair, represents 81% of the R896,8 million which was the amount budgeted for this purpose.

The departments expenditure was R652,8 million, or about 74% of the allocated budget at the end of the third quarter. Therefore, this is the greatest proportion of this amount went to compensation of workers as well as goods and services.

This level of consistency in spending and accountability adds value to the exercise of our oversight functions as Parliament. It also places us on firm footing as a portfolio committee to monitor the improvement in the quality of expenditure and its alignment to the ANC government's progressive policies.

The only item of spending on which the department fell short was the Mineral Policy and Promotion Programme. The amount spent was lower by R50,3 million of what was projected for.

The explanation for this shortfall was that the payment for membership fees for the African Diamond Producing Countries was delayed and the planned Mining Charter and the Shale gas advocacy events were halted pending the finalisation of the court challenge

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brought by the mining bosses against the promulgation of Mining Charter 3.

As the ANC, we believe that in spite of the difficult fiscal space in which we are considering Vote 29, it will go a long way towards progressively changing the lives of our people.

The progressive impacts of the Vote, Chair, include: Firstly, reducing fatalities, serious injuries and occupational health diseases, a trend we have observed in the past few years. Secondly, scaling up of HIV/Aids and TB programmes, including testing and treatment. Thirdly, increased investment exploration activity and thus higher rates of employment.

All these programmes and many others should inspire hope among our people. The ANC support the Budget Vote. Thank you very much.

[Applause.]

Adv H C SCHMIDT: Mister Chair, I am missing the director-general here this morning. I see there is a former director-general, Mr Mokoena. Now, I see former acting director-generals but no director-general. Maybe there is another director-general. They are more often changed than the Ministers seem to be changed, hon Minister, but eeh ...

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May I start by saying that the problems facing the mining industry are increasing on a daily basis. Minister Gwede Mantashe has already shown during his short tenure that by implementing ANC policies and taking a hostile approach towards the mining industry, the conditions and problems facing the mining industry will certainly worsen.

Some reasons for the increasing crisis, caused by the following examples of ANC mismanagement, are: Undue delays and anti-industry views by the ANC in the adoption of the ill-conceived Mining Charter III; and creating international embarrassment, more uncertainty and an increasing lack of investment. This is causing investors to stop investing in the mining sector as well as mining companies discontinuing investments in its own mines.

What the ANC government ostensibly does not care about is that the perceived risk to mining investment in South Africa increases with every negative and hostile ANC statement aimed towards mining owners and investors. The fact that the department lost the recent, "Once empowered; always empowered", High Court case brought by the Chamber of Mines is a clear indication that the ANC's policies are inequitable and unfair. Talking about the Mining Charter!

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In addition, the pending High Court application to declare the 2010 Mining Charter unconstitutional also increases regulatory and investor uncertainty. The Mineral and Petroleum Resources Development Act Amendment Bill adopted in 2014 by the previous parliament still needs to be finalised – a clear sign of ineptitude and lack of urgency by the ANC with total disregard to the mining industry. South Africa is currently classified as the least viable African country to invest in the mining sector, with no signs of an imminent improvement!

The State Diamond Trader, SDT, which has the responsibility to buy and make diamonds available to the South African diamond industry, continues to hold the diamond cutting and polishing community to ransom. It barely manages to sell a mere 15% of the legally mandated 10% of mine production in South Africa to the local industry – in total 0.15 % of all diamonds mined in the country. It is appalling!

This failure appears to be tolerated for the benefit of 20 well-paid officials at the cost of potentially hundreds if not thousands of new and emerging diamond cutters and polishers. The SDT in its current format, budget and mandate is clearly not viable and failing in its mandate.

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Outstanding strategies, such as the Coal and Women in Mining strategies; a belated beneficiation policy; a 100-year plan to address derelict and abandoned mines at the current rate of funding; a plethora of acting positions in the department; and underfunding of the Council for Geosciences which will cause the council to take 30 years to finalise its 1:50 000 mapping of South Africa, are all but good examples as to why this department will not resolve the critical issues under an ANC-led government.

With platinum output shrinking 6,1%, following a drop of another 16% in February and gold production slumping 18% - a sixth month of contraction - clearly indicates that this ANC-led government must realise that its policies are turning the mining industry into a sunset industry.

A DA-led government will urgently address these issues: Regulatory certainty; an investor friendly and government fair to all stakeholders, including communities affected by mining; a drive for investment; rooting out state capture; and a solution to the increase of illegal mining, are some of the issues which will be urgently addressed by a DA-led government.

Hon Minister, the sooner you stop creating an ANC-driven false impression of the industry and start implementing the correct

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measures to improve the mining investment environment, the quicker South Africa will be able to recover to being the mining powerhouse it should be. I thank you. [Applause.]

Mr Z M D MANDELA: Hon Chairperson, Ministers and Deputy Ministers, fellow members of Parliament, respected members of the media, ladies and gentlemen, Nelson Rolihlahla Mandela was born in Mveso Komkhulu and not in Nasrec as pronounced by the interministerial committee last week. I was born in the Eastern Cape province that contributes 38% of migrant labourers, yet it still remains as one of the least developed provinces in our country. I therefore bring you greetings on this centennial celebration year in which we pay tribute to the father of our nation, the hero of the African continent's struggle for freedom, prosperity and development and a global icon for human rights, justice and peace. In that regard, we want to condemn the actions of apartheid Israel on slaughtering innocent Palestinians on their Great Return March and we pay our tribute to the fallen soldiers and shall continue as South Africans to support the cause of the Palestinian people. Allow me therefore, hon Chairperson, to also take this opportunity to welcome Nosimo Balindlela for returning home and leaving the DA. [Interjections.]

On this centennial year we want to say that we will see many more return home to the ANC. I want to thank Minister Mantashe and the

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Department of Mineral Resources for a job well done. They continue to serve the mandate entrusted to them with distinction and work in one of the most complex and challenging environments in the South African economy.

The expectations are high as mining remains a major contributor to the GDP and a key player in growing our nation's wealth. This expectation is enshrined in our Freedom Charter, the Constitution and Bill of Rights that unashamedly affirms and I quote, " ... that South Africa belongs to all who live in it, black and white, ... and the mineral wealth beneath the soil..."

Over the past 24 years of democracy this department has consistently been contributing towards the realisation of our vision of a developmental state through effective service delivery and ensuring that all South Africans derive sustainable benefits from the country's mineral wealth. We acknowledge those industry players who have been true patriots and contributed towards the achievement of the goals of the mining industry charters and caution those who persistently fail to deliver on their promises that they do so at their own detriment and peril. This industry and by extension, our country, needs a partner that is serious about embracing the imperatives of radical economic transformation.

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The mining sector has shown more than 70% increase in the number of mines since 2004 and a 12% increase in employment over the same period despite experiencing the harshest trading conditions in decades primarily as a result of weak commodity prices. The mineral resources sector remains a key contributor to the South African economy because of the half million workers it employs directly and because of the minerals used in value chains from energy to manufacturing. It is especially important that we intensify our efforts to beneficiate the full industry value chain so that we position this sector to optimise the potential of the R2,3 trillion mineral reserves that still lie beneath our soil.

We therefore remain hopeful for a sustained recovery as it is critical for supporting a strong industry that is able to fully engage the imperatives of radical economic transformation. It is common knowledge that this industry is responsible for more than half of South Africa's earnings from exports and is critical to the ability of the economy to earn foreign exchange and reduce the trade deficit. That is why this industry and this Budget Vote are of such critical importance.

The statistics provide great encouragement and reason for enhanced co-operation between all stakeholders within the mining sector. This is especially true in the case of improving the interface between

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the mining and manufacturing sectors as an increased supply of mining sector products for further processing or value addition by an expanding domestic manufacturing base would tend to reduce the mining sector's vulnerability to external demand conditions.

Hon Lorimer, I beg to differ with you on the State Diamond Trader which I believe seeks to promote equitable access to and beneficiation of diamond resources, addresses distortions in the diamond industry and develops innovative black entrepreneurs such as Mr Kealeboga Pule of Nungu Diamonds, who is amongst us and attending this debate today. Hon Lorimer, it is of such efforts that we shall never shut down the State Diamond Trader. It continues to ensure that young black entrepreneurs have access to the 10% run-of-mine diamonds that they can be able to cut and polish and gain entry to international markets. You ought to accompany them to the Hong Kong Jewellery and Gem Fair which will be held in September so that you see the work that they do. It is in this regard that as the ANC we want to ensure that the black entrepreneurs continue receiving support and we shall never let them down and shut down this hope for achievement on the part of the department.

There is no doubt that the Department of Mineral Resources has acquitted itself well in the implementation of its mandate to promote and regulate the minerals and mining sector for

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transformation, growth and development; as well as to ensuring that all South Africans derive sustainable benefits from the country's mineral wealth. However, the ongoing impasse with respect to the finalisation of the Mining Charter 3 is of serious concern and needs to be resolved.

We are now approaching midway into 2018 and it appears that we are still not fully on track to an extent that contributes to the much needed policy certainty. In this regard, we need to firmly drive the process of finalising the Mining Charter and the Mineral and Petroleum Resources Development Amendment Bill, with the aim of improving investor confidence.

At the heart of the Mining Charter lies the question of radical economic transformation, which we are so fully to. Transformation means the ownership, control, management and meaningful participation by the black majority in the industry. Hon Lorimer, it is in this regard that I want to assure you that 26% is certainly not enough. We will seek to increase this to 30%, 49% and to 50% so that black people can be able to have full ownership of mining operations in our country.

Whilst we understand that the desired transformation can only occur in a growing and competitive mining industry, we need to ensure that

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there is a meeting of the minds between state, business, labour and all critical stakeholders. Our emphasis on transformation is on a mining industry that benefits all stakeholders. However, industry should wake up to the reality that South Africa is under ever-increasing social and political pressure to quantum leap industry transformation and therefore it needs to respond with greater agility and speed in its own interest of self-preservation, growth and development.

In the same vein, the Department of Mineral Resources has committed to engage in an open and transparent way to re-establish trust among social partners. Through collaborative efforts, the partners can significantly minimise the negative impacts of the impending social crisis. We delay such an agenda at our own peril. We cannot allow that the gains of the past two and half decades be compromised when what is required is to steer us ever close to what His Excellency, President Matamela Cyril Ramaphosa described as a new sunrise for an industry that occupies such a critically important place in our national economy and our national fabric.

In conclusion, we call on all stakeholders in the mining industry to consolidate our collective efforts in making this country truly great. We have achieved some amazing accomplishments as a nation and as an industry. In the words of Nelson Rolihlahla Madiba in his

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address to the Chamber of Mines in November 1994 he said and I quote:

The South African mining industry is entering a new phase and an exciting era. It has the opportunity to deal with the new challenges in conditions that allow it to draw on the skills, imagination and the determination of all.

These words ring true now as it did back then. We have the potential to reach for even greater heights; let us not disappoint ourselves as well as those who have placed their trust in us. The legacy lives on and the dream shall never die. I thank you.

The MINISTER OF MINERAL RESOURCES: I think we should appeal to the Speaker of Parliament to extend time for mining. Let me start off by helping the DA, let me help the DA. The DA is driving on divide and rule. We are engaging with the Chamber hence there are many of them here. We are talking to each other, trust is developing and they don't have the same feeling as the DA so you don't represent them, you represent your own feelings. [Interjections.] Yes, even that I have not seen you, we have gone to seven areas and I have not seen the DA there.

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That is why the DA will stick to its position irrespective. We are talking to communities; we are talking to everybody in the industry. Now the DA is asking us why we should create wealthy blacks instead of creating mine workers. It is the same attitude they have with agriculture that we should not create black farmers, we must create farm workers. I think that view of the DA is dangerous to all of us.

In terms of health and safety as raised by EFF, it is a maiden speech, please don't hackle, it's a maiden speech, don't hackle please. [Laughter.] Now, you raised the question of health and safety and it is an issue that we are dealing with. Over the last 10 years you may have ignored that there has been a continuous decline in the number of fatalities in the industry that was broken in 2017. We are worried about the 33 who have died up to now that it might actually pick up again and we are paying attention to that.

The second thing is that we are investing in nurturing critical mass of world class scientists. Amongst our guests here today, there are four young people from the Council for Geoscience who recently acquired PhDs in Geoscience. They are Dr. Thakane Ntholi, I think they should stand, Dr. Taufeeq Dhansay, Dr Nigel Hicks and Dr Emmanuel Sakala. [Applause.] I have no doubt they will continue to make an immense contribution, to the betterment of this sector.

Thank you very much; we want to see more PhDs in that regard. Not

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even one party rejected the budget including the DA and the EFF.

[Interjections.]

Mr T RAWULA: Chair, on a point of order: I am rising on point 92, the Minister is out of order, and he is misleading the House. We have rejected the Budget Vote. The EFF is on record, it has rejected the Budget Vote, please.

The TEMPORARY CHAIRPERSON (Ms L M MASEKO): Okay hon Rawula, I am sure the committee noted that.

Mr T RAWULA: You must not be distorted.

The MINISTER OF MINERAL RESOURCES: In hide sight the EFF does not wants to support the budget, its fine. Now I can assure you that we are filling critical vacancies in the department, we are doing that. We are filling positions in the department, for the department to have the necessary capacity. The new culture between mining companies and communities is something that we are discussing with the industry. We have given them feedback that in those communities there is complain that both the Department of Mineral Resources and mining companies are not consulting those communities enough. We have committed ourselves and the industry to improve on that. I want to appeal to all of you to read the whole statement, we have not

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finished it. Read it because only when you have read all the statement you would have the sense of what we are doing. As I sit down, I want to thank my predecessors, I see ...

IsiXhosa:

... umama uSojica ulapha...

English

... she is my predecessor. I want to thank Godfrey Oliphant, the Deputy Minister of Mineral Resources. I want to thank team Minister of Mineral Resources for the hard work and we are hoping that we will grow to be the most effective team. I want to thank my wife Nolwandle who is here and my children who are giving me continued support and encouragement.

IsiXhosa:

Umfazi ke uhamba nomyeni wakhe uTsira ongumkhuluwa wam.

English:

So, I thank all of them for the support. I want to thank the Chairperson in the committee for working well with me. I have been summoned few times in the short time I have been here to go and account to the committee. I appreciate that; summon me more so that we can work together. Lastly ... [Interjections.]

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The TEMPORARY CHAIRPERSON (Ms L M MASEKO): Hon Minister ...

Mr N S MATIASE: House Chair

The TEMPORARY CHAIRPERSON (Ms L M MASEKO): Hon Minister your time is up

The MINISTER OF MINERAL RESOURCES: I want to express my appreciation for the acceptance of Budget Vote 29.

The TEMPORARY CHAIRPERSON (Ms L M MASEKO): Hon Minister your time is up. Hon Matiase ...

The MINISTER OF MINERAL RESOURCES: Okay

Mr N S MATIASE: House Chair whilst the Minister is still on the podium.

The TEMPORARY CHAIRPERSON (Ms L M MASEKO): Order hon members! Pardon

Mr N S MATIASE: I want to find out if the Minister can take a question

The TEMPORARY CHAIRPERSON (Ms L M MASEKO): Hon Minister

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The MINISTER OF MINERAL RESOURCES: Thank you very much. So I thank everybody ... [Interjections.]

The TEMPORARY CHAIRPERSON (Ms L M MASEKO): Hon Minister will take a question?

The MINISTER OF MINERAL RESOURCES: No I am not taking any questions, I am concluding.

The TEMPORARY CHAIRPERSON (Ms L M MASEKO): He won't take a question, sorry.

The MINISTER OF MINERAL RESOURCES: I am concluding I am not taking any questions.

The TEMPORARY CHAIRPERSON (Ms L M MASEKO): Hon Minister your time is up

The MINISTER OF MINERAL RESOURCES: You see. Thank you very much to everybody. I appreciate that you all came here today. Thank you.

[Applause.]

Debate concluded.

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The mini-plenary session rose at 11:58.

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