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A MINING PERSPECTIVE ON THE 2010 STATE OF THE NATION ADDRESS

The President of the Republic delivered a State of the Nation Address on 11 February 2010. The following key strategic objectives relating to the mining sector were identified:

- Investment in youth to ensure a skilled and capable workforce to support growth and job creation.
- To ensure a long and healthy life for all South Africans.
- To ensure that environmental assets and natural resources are well protected, and are continually enhanced.¹

While not directly referring to the mining sector, these strategic objectives impact on the industry and their impact are discussed below.

IMPACT ON MINING

Investment in youth to ensure a skilled and capable workforce to support growth and job creation

The high unemployment rate has been a challenge confronting the government for a number of years. This problem was exacerbated by the global economic crisis that also affected South Africa in 2009. It was reported in the State of the Nation Address that the crisis cost the economy about 900 000 jobs. The unemployment rate increased to 24.5 percent in the third quarter of 2009 from 21.9 percent in the last quarter of 2008. However, a slight decrease was reported in the last quarter of 2009 from 24.5 percent to 24.3 percent.² The Mining sector employed 321 000 workers in the fourth quarter of 2008 and by the third quarter of 2009 this number was reduced to 299 000. There were 296 000 workers employed in the sector by the fourth quarter of 2009.³

The impact of the crisis on unemployment was mitigated by, *inter alia*, government's introduction of a "training lay-off scheme" to allow workers the option of a period of training instead of retrenchment. In the mining sector, the Mining Industry Growth, Development and Employment Task Team (MIGDETT) was established as an intervention to mitigate the severity of the crisis. The Department reported that MIGDETT was responsible for containing the levels of cumulative retrenchments to approximately 50 000, contrary to the early forecast of 100 000.⁴

To ensure a long and healthy life for all South Africans

¹ Zuma, JG. (2010).

² Statistics South Africa (2010).

³ Ibid.

⁴ Department of Mineral Resources (2010a).



The State of the Nation Address noted a drop in life expectancy from 60 years in 1994 to just below 50 years currently. The drop can be attributed to, among other causes, Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) and tuberculosis (TB). The mining sector, due to its history of being associated with the migrant labour system and other occupational hazards, has high prevalence of both HIV and AIDS; and TB.

The Department reported a total of 171 deaths in all mines during 2008, which is lower than 220 deaths reported in 2007. The injuries reported in all mines were 3 879 in 2007 and the number of injuries decreased to 3 605 in 2008.⁵ The reported cases of TB increased from 4 516 in 2007 to 4 639 in 2008.⁶ TB constituted 44.7 percent of reported cases of diseases in 2008.

The State of the Nation Address reported that interventions are being made to reduce new HIV infections and to effectively treat HIV and TB. It also committed the government to implementing all of the undertakings made on World Aids Day relating to new HIV prevention and treatment measures. These undertakings are aimed at reducing new HIV infections by half and ensuring that 80 percent of people living with HIV have access to treatment by 2011.⁷

The Department reported that a substantial number of employees opted for voluntary HIV testing. As a result of this voluntary initiative, the programmes for providing anti-retrovirals to the affected employees gained momentum during 2008/09 financial year. It was also reported that most of the mines are administering anti-retroviral medication to boost the health status of infected workers.

To ensure that environmental assets and natural resources are well protected, and are continually enhanced

Mineral resources are the strategic natural resources that make a major contribution to the economy of the country. Mining contributed 7.6 percent to the Gross Domestic Product (GDP) in 2005.⁸ It employed 296 000 workers by the fourth quarter of 2009, which is 2.3 percent of the total working population.⁹

Notwithstanding the above-mentioned positive economic contribution by the mining industry, South Africa's mineral resources are under threat from illegal mining. Illegal mining is a known phenomenon in some of South Africa's mines but was brought to the spotlight by the reported accident at Harmony Gold mines. A number of bodies suspected to be those of

⁵ Department of Minerals and Energy (2009a).

⁶ Department of Mineral Resources (2009).

⁷ South African Government Information (2009).

⁸ Statistics South Africa (2010b).

⁹ Statistics South Africa (2010a).



illegal mine workers were recovered in June 2009. This was the second incident of its kind in 2009, following the death of other illegal mine workers at the New Consort gold mine near Barberton in March of the same year. The country is losing substantial revenue through illegal mining but the authorities have had difficulties in clamping it down.

The Portfolio Committee on Mineral Resources held public hearings in Parliament on 7 and 8 July 2009 to investigate the death of illegal mine workers in Harmony Gold mines. As a result of these hearings, the Committee agreed to undertake oversight visits to some of the affected mines. After considering the written and oral submissions made by individuals and organisations at public hearings and oversight visits, the Portfolio Committee, noted the following:

- That illegal miners were mostly foreigners;
- There was growing use of violence and firearms by illegal miners;
- That mine employees and mine security officers were involved;
- That corrupt members of the SAPS were also involved;
- There was frequent arrest of low rank criminals;
- There was a need to pursue syndicate heads; and
- There was a need to tighten current legislation.¹⁰

On the enhancement of natural resources, the government is considering adopting the Beneficiation of Minerals Strategy as the policy position for the country. The Department of Mineral Resources reported that a Beneficiation Strategy was launched on the 31st March 2009 after approval was granted by Cabinet for the strategy to be circulated for broader consultation.¹¹

The above-mentioned impacts of the strategic objectives on the mining sector have implications for Parliament as the body that is seized with a task of providing oversight on relevant Departments. The following section discusses these implications to assist Parliament in executing its oversight function.

IMPLICATIONS FOR PARLIAMENT FOR 2010

Parliamentary oversight should focus on the following policy issues for the mining sector:

- Support for Growth and job creation in the mining sector
- To ensure long and health life for mine workers
- To ensure that natural resources are well protected, and are continually enhanced

Support for growth and job creation in the Mining Sector

¹⁰ Portfolio Committee on Mineral Resources (2009).

¹¹ Department of Mineral Resources (2009c).



The MIGDETT was established as an intervention to mitigate the severity of the global financial crisis, which include job losses. The less than forecasted job losses in the mining sector is attributed to the intervention of this task team, which is composed of government, organised labour and organised business. When it was established, the main objectives of MIGDETT were:

- To help the industry to manage the negative effects of the global economic crisis and to save jobs.
- To position the industry for growth and transformation in the medium to long term.

It is evident from the containment of job losses in the industry that MIGDETT has registered a significant success on the first objective. Since it appears that the worst is over, the Director General of Mineral Resources has committed MIGDETT to shift focus to position the mining industry for the economic upswing and ensure that the industry is positioned to achieve higher growth, the creation of decent jobs and transformation.

Parliament has to ascertain the number of jobs saved through the interventions of MIGDETT. Parliament also has to monitor progress on the agreement that a strategy for the sustainable growth and meaningful transformation of South Africa's mining sector will be developed.

To ensure long and healthy life for mine-workers

Parliament has to conduct oversight visits to the mines to ensure that mining companies adhere to Mining Health and Safety Act. The focus for oversight should be on the mines with high incidences of injuries and diseases. Parliament should monitor if the mining companies are contributing to the health care costs of former mine-workers who are suffering from occupationally acquired diseases.

To ensure that natural resources are well protected, and are continually enhanced

In order to ensure that the mineral resources are well protected, Parliament needs to follow up on undertakings already made to achieve this goal. In June 2009, the Ministry visited Welkom on two occasions after a report of deaths of illegal miners. Subsequently, the Free State Illegal Mining Stakeholder Forum was established comprising community leaders, organised labour, the Matjhabeng municipality, mining companies, the Department of Mineral Resources, South African Police Services, as well as the Department of Justice and



This matter was also reported to the Directorate of Priority Crimes Investigation (Hawks) for further investigation.¹³ Parliament is required to follow up on progress made by the "Hawks" in their investigation.

In 2009, the Department reported that minerals beneficiation strategy was approved by Cabinet and was circulated to stakeholders for comments. Parliament is required to follow up on progress regarding the Mineral Beneficiation Strategy.

PROGRESS ON ISSUES RAISED IN THE 2009 STATE OF THE NATION ADDRESS

There was no direct reference to the mining sector in the 2009 State of the Nation Address, but some of the issues raised indirectly impact on the sector. One of the strategic objective identified in the 2009 State of the Nation Address was to minimise the impact of the economic downturn on those most vulnerable. This involved reduction in the number of job losses. The mining sector established the MIGDETT to, *inter alia*, minimise the effects of the global economic crisis. This task team was able to reduce the job losses to less than half of what was predicted.

The 2009 State of the Nation Address also prioritised the improvement of the health profile of all South Africans. It committed Government to step up the fight against HIV and AIDS and TB. The set targets were to reduce the rate of new HIV infections by 50 percent by the year 2011 and to reach 80 percent of those in need of ARV treatment also by 2011. Notwithstanding the high incidence of HIV and AIDS, and TB in the mining sector, the sector has not set clear targets of reducing these diseases. This makes it difficult to assess the performance of the industry in this regard.

Another commitment made was the intensification of the fight against crime and corruption. Illegal mining is the manifestation of crime and corruption in the mining industry. Addressing this issue is an ongoing project in the sector. The establishment of the Free State Illegal Mining Stakeholder Forum is one example of the interventions to address this challenge. The Directorate for Priority Crimes investigation is also addressing this matter. There are also internal investigations to identify staff members within the mining companies that are involved in illegal mining. These interventions also address the issue of sustainable mineral resources management.

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