

REMARKS BY ADVOCATE SANDILE NOGXINA,
DIRECTOR GENERAL OF MINERAL RESOURCES AT THE
DEPARTMENTAL PRESENTATION OF ITS 2011/12 MTEF
STRATEGIC PLAN TO THE MINERALS PORTFOLIO
COMMITTEE, PARLIAMENT, 21 APRIL 2011

Chairperson,

Honourable members,

Mandate, Mission and Vision

Our *mandate*, as a department, is to ensure that we use our oversight over the country's mineral resources to effect the transformation, the safety and sustainability as well as the economic growth of the mining industry.

Our mission is to regulate the sector to the benefit of all our citizens.

In keeping with government's long term commitments, we have developed vision 2014 and vision 2025. These aim to create a mining jurisprudence that is globally competitive. Mining, apart from recapturing its lustre, must contribute meaningfully to the government's overall objectives of job creation and the eradication of poverty.

Department strategic objectives

Our strategic outcomes are aimed at ensuring that the sluggish nature of the investment in the mining industry of the past is reversed. We are committed to doing everything possible to improve our regulatory environment, while aligning our outcomes with the national priorities of government

Strategic Overview

The performance of the mining industry in the period under review demonstrates that there is significant recovery from the recent global economic and financial crises.

The 2010 performance report is underpinned by signals of positivity in the global economy, as supported by a series of upwardly revised economic forecasts, with the global GDP expected to exceed 4% by 2012, whilst the aggregated GDP of emerging economies will average 7.5% by next year. This optimistic outlook reinforces the demand growth expectation for mineral commodities, which is being essentially driven by both fiscal (infrastructure) expenditure in most developing economies and rapidly growing household consumption. Our strategic plan presentation demonstrates our efforts to locate our industry well within the broader economic growth paradigm, whilst it contributes towards addressing the fundamental socio-economic challenges facing South Africa including, inter alia, increasing

economic activity, creating job opportunities, and environmental efficiencies.

It should be noted that the aggregated extraction rate in South Africa grew at about 5.8% relative to the contraction experienced in the preceding year.

As anticipated, employment in the mining industry shrunk by 5.1% in 2009. Even whilst this was happening, the employment of women grew by 11% in the same year. Though this started from a low base, it is however a proverbial first step in a journey of a thousand miles to a society that does not discriminate on the basis of gender.

In 2010, total employment grew by 1.2%, with women employment growing by 15.6%. Total employment in mining reached 498 055, falling marginally short of breaking through the half million threshold.

In fact the industry's employment figures improved by 27% from 2001 to 2008, thereby creating an additional 101 170 decent jobs in a period of 8 years. The department, through the Mining Industry Growth, Development and Employment Task Team (MIGDETT), has developed a mining sector strategy. This identifies constraints to the potential for growth of the sector; and

recommends remedial action to optimize its extractive capacity, investment as well as its job creation potential.

It has an annual target of 4-7% in volume growth, 10% in gross fixed capital investment and 8-10% in employment growth. As part of its approach MIGDETT has set up several task teams to look into issues, such as job creation, infrastructure, exploration, innovation and human resources development.

These interventions are linked to the government's new growth path in which the mining sector is demonstrated to have a potential to create 140 000 direct jobs. This year we will continue with these interventions, and we will link them up with the Industrial Action Plan (IPAP2) so that this sector does not suffer from the same fate in missing out on the next commodity boom.

The interventions include, though are not limited to:

National Mining Sector strategy

We have developed a “strategy for sustainable growth and meaningful transformation of South Africa’s mining industry”. This strategy recommends ways of mitigating constraints and emphasizes the need to approach competitiveness and

transformation as two sides of the same coin. The strategy is currently going through the Cabinet processes. We expect that it will be approved by May/June this year.

Mineral Beneficiation Strategy

This has been presented to the IMC on Economic Development, Employment and Infrastructure. We are currently consulting with the relevant economic departments in a bid to expedite the adoption of the strategy. We are finalizing these consultations during the course of this month; then we will submit the document back for consideration and approval by Cabinet.

Amendment of the Mining Charter and MPRDA

The amendment of the mining charter was concluded in September last year. This followed rigorous assessment of the impact of the original charter. The amended charter removes ambiguities that caused various interpretations and also introduces an improved scorecard with clear performance targets.

The mining industry is expected to comply with the requirements of this document from 13 September 2010 and the

first compliance reports from mining companies are expected by the end of June 2011.

The review of the MPRDA is underway, aimed at improving the current construct of the Act to remove ambiguities, make provision for consultation processes, enhance punitive measures as well as streamline the licensing processes – including providing for the regulation of the environment in respect of minerals and mining.

We continue to consult with all the affected and interested stakeholders. Accordingly, we expect that the amendment Bill will serve before Parliament by the end of this year, 2011.

State Owned Mining Company

Cabinet has authorized us to use African Exploration, Mining and Financing (Pty) Ltd (AEMFC) as a nucleus for the establishment of the State Owned Mining Company. The work of hiving off the AEMFC from its current wholly owned status in the Central Energy Fund is already at an advanced stage. This will culminate in establishment of the AEMFC as a stand-alone entity.

Small Scale Mining – Strategy and way forward

We have in place a small scale mining strategy which provides a framework for the creation of a sustainable sector which should be characterised by growth and development. We will use this to contribute to rural development, job creation and poverty eradication. This will be carried out through community linked SMME projects.

Also, small scale mining projects that fall within the Presidential poverty nodes will receive special attention. We will identify and demarcate areas that have mineral deposits. We will use the potential of these areas to ensure that, with the formation of community clusters, we achieve economies of scale and scope.

Special attention will be paid to linking DMR supported initiatives and small scale mining projects with financial institutions. This is a job creation process that is currently underway.

Management of Derelict and Ownerless Mines

The management of derelict and ownerless mines is a key deliverable of the department given the serious challenges that the country is facing. The Minister has approved a strategy for this.

As part of the rehabilitation programme, five sites were rehabilitated during the 2010/11 financial year and ten sites are targeted for the current financial year.

Acid Mine Drainage (AMD)

This is an issue that has dominated public discourse. We have worked with all the affected parties and departments and prepared a report on the matter which was presented and approved by cabinet. During the 2011/12 financial year we plan to continue conducting research on mine water ingress as well as implementing solutions. This would include constructing canals and sealing abandoned shafts and trenches which contribute to the high volumes of water passing underground which invariably generates acid mine drainage.

Mineral Regulation Administrative processes

On Monday our minister unveiled the new licensing system aimed at streamlining administrative processes to ensure the attractiveness of our country as a mining destination.

This was preceded by a moratorium which the Minister has lifted except in Mpumalanga – where it will remain in place until

the end of September this year. For ease of reference on this important issue we have circulated the full text of the Minister's speech at Monday's press conference which explains in detail all the issues. We can engage honourable members on the Minister's address should the need arise.

SAMRAD

The Department has developed an integrated electronic system for managing the Mine Health and Safety portfolio. The system allows for integrated and improved management of information in the mining industry.

Due to the limitations of the NMPS system, a decision was taken to develop the new electronic management system. We did brief honourable members of this committee on this. Even though we have a long way to go, we are nevertheless pleased with the modest introduction that has so far taken place.

Establishment of the Compliance Inspectorate Unit within the Mineral Regulation Branch

Subject to the availability of funds, we intend to establish an internal compliance inspectorate and this will be done as per the

revised human resource structure of the branch. This should assist in meeting the concerns of members of the public who raised the lack of compliance in the mining industry when this committee visited the Northern Cape a few weeks ago.

Companies' compliance with Social and Labour Plans

We have identified serious challenges to the implementation of the SLP projects. They range from co-operation with municipalities, communities and mining companies, as well as the inability of DMR officials fully to monitor implementation of SLP projects.

Capacity challenges

To enforce compliance and ensure faster implementation of the SLP projects, we will take urgent steps to build capacity at our regional offices. This is crucial as these centres are the coalface of service delivery.

Mine Health and Safety

Our health and safety track record in the mining industry continues to cause great concern. As part of our occupational health and safety improvement strategy we will continue with our efforts, together with our tripartite stakeholders at the MQA and MHSC, to address skills development and implement occupational health and safety programmes in the mining sector.

The department will vigorously monitor the implementation of TB, HIV/AIDS programmes in the sector. We will also constantly be monitoring and evaluating the effectiveness of occupational health and safety programmes at mines through inspections and audits.

We are currently looking at proposals that, among other things, suggest that there should be inspectors who focus only on inspections and audits; and that there should also be an investigative unit which to focus only on health and safety investigations/inquiries. These proposals will come into effect once financial wherewithal issues are addressed.

We will continue with our stance that if mines cannot mine safely they should not mine at all until effective measures are implemented to safeguard the health and safety of employees. As part of implementing our strategy, health and safety will be

elevated to the boards of mining companies to ensure that appropriate measures are also taken at board level.

Boards of Directors will be required to submit quarterly reports on health and safety that include statistics and indicate measures that should be taken to prevent occupational diseases and fatalities as well as serious injuries at our mines.

The Mine Health and Safety Act is being reviewed. This will be to strengthen enforcement provisions, simplify the administrative system for issuing of fines, reinforce offences and penalties, to substitute and remove ambiguities as well effecting certain amendments to ensure consistency with the Mineral and Petroleum Resources Development Act (MPRDA).

Chairperson and hounourable members, at this juncture I would like to call upon programme managers to present their priorities for the 2011 / 12 financial year.

I THANK YOU