

## **KEYNOTE ADDRESS BY PREMIER MR. TSP MAKWETLA AT THE MPUMALANGA MINING SUMMIT**

### **PIENNARDAM LEISURE RESORTS**

### **MIDDLEBURG**

Program Director

MEC for Economic Development and Planning, Mr. William Lubisi

Other Members of the Executive Council present

Representatives of the Chamber of Mines and other mining companies in the province

Representatives of organized labour

Distinguished Guests

Ladies and Gentlemen

It is an honour for us to be here today on the occasion of the Mpumalanga Mining Summit.

In the build up to our Provincial Growth and Development Summit, over the past year, various sectoral summits have been held in an effort to develop a wide-ranging consensus on the interventions needed for our province to achieve growth and development.

I am happy that a sector that can be considered to be the cornerstone of the provincial economy is finally holding its own Summit.

Indeed, your gathering over these next two days is a remarkable sign of the growing momentum towards the provincial Growth and Development Summit, which we all hope can become the bedrock or foundation for accelerated provincial efforts to eradicate poverty and create employment.

Mpumalanga has long been synonymous with mining activity in our country.

It is the province of Witbank, Lydenburg, Barberton, and Pilgrims Rest, where some of the roots of ownership patterns and characteristics of the sector were laid more than a century ago.

And just as mining has made an important contribution to the national economy and provided the impetus for both the development of an extensive physical infrastructure and the establishment of the country's secondary industry, so too have we also seen such impacts in our own regional economy.

Today some have estimated that Mpumalanga has 217 big and small mines strewn across the province, which contribute 22.3 percent of our provincial Gross Value Added, or the value of the final goods and services produced in our province.

In 2002, there was an estimated 60 000 workers employed in mining in Mpumalanga and between 1998 and 2002 mining has also been one of our top exporters and earners of valuable foreign exchange.

Impressive as they may be, these figures may actually understate the importance and role of mining in our province.

This province is endowed with extensive mineral deposits of coal, gold, platinum, and vanadium, to name a few.

But above all, this is a province responsible for approximately 83 % of total coal production in the country.

If you take into account that coal is responsible for addressing the country's major energy needs, with the majority being converted into electricity by Eskom and some converted into oil by Sasol, then you begin to see the significance of mining in this province.

According to Eskom, our country has the cheapest electricity in the world, which makes us fairly attractive from an investment point of view, but is due to the coal that is produced here in Mpumalanga.

A large share of electricity consumption is in manufacturing, particularly in energy intensive smelting and refining processes that we all know to be found in parts of the province such as Middleburg and Lydenburg.

The importance of mining in the province is therefore reflected in the extensive linkages that exist between mining, electricity, and manufacturing, links which have led to some commentators talking of the presence of what can be called a Mineral-Energy-Complex in our region.

It is unfortunate that the history of mining is one that mirrors our country's long and painful journey through colonialism and apartheid.

As a province, and indeed the country as a whole, we are blessed with being one of the world's richest countries in terms of minerals. But until the arrival of our liberation, this wealth was only used for the benefit of a tiny minority.

At the dawn of our new found democracy there were still those who saw the restructuring of the mining industry as something that should be left to market forces with minimum attention from the state.

Even today there are those who see little wrong with dominant ownership patterns or practices in the sector that to some of us may be hindering the sector's contribution to overall growth and development.

It is through the vigilance and persuasiveness of democratic forces in the country that such views have not prevailed.

From the Freedom Charter of 1955 to the Reconstruction and Development Programme (RDP) of 1994, the transformation of mining has always been at the centre of the democratic movement's development agenda.

As we enter this second decade of democracy, we are pleased to observe that there is much that gives us hope that this sector is on the road towards transformation.

There is reason to be hopeful that this is a sector that will give meaning to the words proclaimed in the **Freedom Charter**, that **'the national wealth of our country, the heritage of South Africans, shall be restored to the people'** and that **"the people shall share in the country's wealth"**.

The recent legislative and policy developments affecting mining, such as the **Mineral and Petroleum Resources Development Act**, and the adoption of the '**Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry**', are far-reaching, bold, and welcome steps to transform the mining industry into serving all our people.

However, the challenge of the implementation of these pieces of legislation and the Charter rests with all us.

I am particularly heartened by the inclusion of these issues in the programme for this Summit and hope that you will be frank in your discussions and draw out some resolutions for our work here in the province.

### **Beneficiation and other challenges facing mining**

Progressive forces in our country have long emphasized the importance of a more interventionist but developmental role for the state with regards to the mining sector in our country.

As a provincial administration that is committed to achieving growth and development in this province, we will continue to work hand in hand with all stakeholders in order to support transformation and competitiveness in the mining sector.

On various occasions we have spoken in much detail about how one of the urgent challenges facing the province is the need for increased beneficiation of our products.

The contribution of our mining sector to the provincial economy, and to addressing the twin scourges of poverty and unemployment, would certainly be greater if there was greater effort to process our raw materials into intermediate and finished products before export.

Clearly, there is a need for a greater understanding of the obstacles to beneficiation, or vertical integration more generally, in the mining sector. With the benefit of such an understanding more could be done to establish the necessary incentives or disincentives that could lead to more and better jobs.

In implementing the Mining Charter, we agree that the challenge is to facilitate meaningful and sustainable equity participation by black people in general, and women in particular, in existing and new mining operations.

The emphasis of the Charter on broad-based empowerment is also particularly welcome as it has important implications for broader community development in areas where the mines are situated.

We hope that the implications of the Charter for Mpumalanga, as a province, will be given much attention in your deliberations such that you come up with recommendations dealing with areas such as:

- How to create a more conducive environment to facilitate small-scale mining
- The creation of opportunities for unemployed and retrenched mineworkers to be re-absorbed and become actively involved in mining activities
- Human resource development, employment equity and decent working conditions in the mining sector

Undoubtedly, as we begin to talk about the contribution of the mining sector to community development we cannot leave out the critical issue of the environment.

We need to enter into a dialogue as stakeholders to reach consensus on issues and interventions to address the efficient depletion and extraction of minerals, pollution, waste disposal, recycling, energy saving, water consumption and so on.

In this way we will be able to begin talking of 'people-centred' mining in this province.

This is not to suggest that there are currently no efforts in this regard but that we must make this work more prominent, together as the collective leadership of the province.

### **Concluding remarks**

The current provincial administration is convinced that mining shall continue to be a key sector in our provincial economy for a long time to come, either as a sector on its own or as a result of its linkages with other critical sectors such as electricity and manufacturing.

With an upbeat global and domestic economy, including predictions of favourable commodity prices and a slightly weaker currency, we all have reason to expect positive economic outcomes in 2005.

However, the efforts towards the Provincial Growth and Development Summit are intended to ensure that Mpumalanga experiences 'growth with change' or in other words moves towards a growth path that is transformatory, pro-poor and equitable.

This Mining Summit should elaborate on the sector's contribution to these efforts

Educate us about strategies we need to adopt to increase mining's contribution to industrial development, employment and exports in our province.

As a provincial government we are eager to enter into a partnership with you in order to address infrastructural bottlenecks and other challenges that you may face.

It is our hope that on your part you will grasp the challenges of diversification, beneficiation, and sustainability with the vigour they deserve.

We dare not fail.

Future generations will judge us harshly if we perpetuate the structural legacies of the past.

I wish you a successful Summit.

**I thank you**