Extractive Industries Week – World Bank
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(Vise Chairperson of Mineral, Mining Development Board)
Resource Countries of Africa major contributors to African GDP’s:
Diamond and Gold opportunities in Africa:

Diamonds

Gold
Historic Mining Investment Model – Explore + Extract + Exploit + Export = Ghost Town

- Massacres and Ethnic Cleansing
- Rape as a Weapon of war
- Conflict Diamonds the Root of all Evil
- Conflict Diamonds the Root of all Evil
Resource curse: A cause of socio-economic and political instability:

Liberia, Sierra Leone, Angola, Nigeria etc.
Resource Curse = Civil Unrest:

EG: Nigeria

- Civil unrest caused by the exclusion of the masses from economic benefits
- Violence directed at expatriates in oil producing states
- Vandalization of pipelines
- Inter-tribal conflicts
- The following minerals are found in Nigeria:
  - Aluminum / Copper / Iron & Steel / Cement / Nitrogen / Coal / Natural gas / Petroleum
Historically, Mining Investments has an exploitation culture in Africa:

**Case Study: South Africa**

- No black ownership
- Militant labour force fighting exploitative labour practices
- Monopolistic industry in South Africa pre 1994
- Ghost towns
- No royalty payments to rural communities
- Neo-colonialism
Economic exclusion of the Majority (Rural Communities) – Pre 1994

- Monopolistic industry
  - dominated by large mining houses, large-scale mining operations
  - No junior companies
  - 83% Mineral resource, owned by 3 companies
  - Rural communities and non whites exploited and excluded

- History of legal, institutionalized exclusion of blacks, women
  - black advancement (eg. certificated miners, apprentices)
    in the mining sector impeded by law (eg. Scheduled Persons Clause, Mines and Works Act) until 1987
  - Unionisation and major labour uprising a daily practice
  - Civil unrest – the norm

Godfathers of the old order gold and diamond rush in South Africa

- Ernest Oppenheimer
- Barney Bernato
- Cecil John Rhodes

Exclusion of Women
This land must be healed

This land, the whole land
Will be healed, must be healed

These brazen cities, the swollen mines
The mineral of our sweat
The teeming ghetto, the dormitory cells
In towns and squalid squatter camps
Where hope smotheres in a tyre
These furnaces of human indifference must incinerate
With all the heat of a healing fire

Those were the dark ages of mining
And now the winds of change are blowing
A brighter new future our way-
A future of Global Mining Transformation
A future of the paradigm shift

This land, the whole land
Will be healed, must be healed

- Don Matera
State intervention:

Need for legislative change recognized

- Mineral and Petroleum Resources Development Act at No. 28 of 2002
- State becomes the Custodian of mineral rights
- Mining Charter
- Monopolistic culture of the mining industry addressed
- Rural communities, Foreign investors and all Stakeholders have access
- Fair Labour Laws
SA Mining Charter – creating an enabling environment:

Scorecard for the Broad Based Socio Economic Empowerment Charter, for South African Mining Industry 2004:

- **Ownership**
  - 26% equity participation

- **Human Resource Development**
  - 40% black managers within 5 years
  - 10% women participation within 5 years
  - Employment Equity
  - 100% literacy within 5 years

- **Procurements**
  - BEE procurement

- **Beneficiation**

- **Social and Labour plan**
  - Migrant Labour
  - Mining Community and Rural Development
Mining industry post state custodianship of mineral rights:

- Liberalization of mining industry ✔
- Mining regulation in line with international practice ✔
- Development of junior mining sector ✔
- Mushrooming of exploration companies ✔
- Tribal community equity participation and payment of royalties to tribes ✔
- Creation of Integrated Development mining models ✔
- Eradication of ghost towns ✔
- Robust procurement opportunities ✔
- Beneficiation - an engine for economic growth ✔
- Fair Labour Practice ✔
- Economic Sustainability of the host Countries Cultivated ✔
Mining Sector embraces South Africa as a Developmental State and partnered with Government in its development aims:

- **AD HOC Committees**
  - Charter Review
  - Code of Good Practice

- **HR Development**
  - Skills Development
  - Careers in Mining
  - Downscaling

- **Transformation**
  - Code of Good Practice
  - Charter Review
  - ESOPS
  - Social & Labour Plan
  - Housing & Living Conditions
  - Community Benefits
  - Women & Youth

- **Sustainable Development**
  - Environmental
  - Integrated Resources Management
  - Beneficiation
  - Small Scale Mining
  - Procurement

- **RMDEC Exco**
  - Gauteng
  - Limpopo
  - North West
  - Western Cape
  - Eastern Cape
  - Northern Cape
  - KZN
  - Mpumalanga
  - Free State

**Legend**
- **BOARD**
- **BOARD COMMITTEES**
- **WORKING GROUP**
- RMDEC - Regional Mining Development and Environmental Committee
Uplifting rural communities through Producers forums and integrated resources management models:

Focus on Sustainable Rural Economic Development

- MINES
- MINING RIGHTS
- PARTNERSHIPS
- MUNICIPALITY
- INSTITUTIONAL RESPONSIBILITY
- SUCCESSFUL MINING
- SUCCESSFUL LED
- SERVICES

REQUIREMENTS:
- Housing and Services
- SLP’s
- Work Force
- Share Holders
- Government
- Communities

SLP – Social Labour Plan
LED – Local Economic Development
Mining Realities and Extractive Industries Regarding Social Corporate Responsibility

- Social and Labour plan is an advanced form of Corporate Social Responsibility
- Public Private Partnership Projects Promotes Sustainabilities in the rural areas
- SA Government engages in a Social Contract with Mining Investors:
  - Spatial management, Land Use Management Schemes
  - Land acquisition and housing
  - Public infrastructure and services
  - Institutional, technical, administrative & political capacity
- Need for social license to operate:
  - Granting of mining licenses – Broad-Based Socio-Economic Charter
  - (Mining Charter) and Broad-Based Black Economic Empowerment
  - Scorecard (BBBEE)
- Transformation Obligations:
  - Social & Labour Plans (SLP’s)
Projects on Route to The Eastern Limb

LEGEND
- Existing Bulk Water Pipelines
- ORWRDP Bulk Water Pipelines
- Olifants River Water Resources Development Project
- ESKOM PSS Infrastructure
- Eskom Pump Storage System
- Pump Stations
- Water Treatment
Geographical Distribution of Minerals in Limpopo:

http://www.southafrica holiday.org.uk/images/mapdetail_limpopo.jpg
Council for Geoscience: Mineral Map
Mining Investment in the Eastern Bushveld:
Mining Companies involved in partnership models through Producers forums:

- Akanani Mining (Pty) Limited
- Anglo Operations Limited
- Anglo Platinum
- ARM Platinum
- ASA Metals (Pty) Limited
- Assmang Limited (Dwarsrivier Mine)
- Barplats Mines Limited (Rhodium Reefs)
- Boynton Investments (Pty) Limited
- Chromex Mining (Pty) Limited
- Corridor Mining Resources (Pty) Limited
- Eastern Platinum Limited
- Impala Platinum Limited
- Lebowa Platinum
- Marula Platinum
- Modikwa Platinum Mine Joint Venture
- MTC Minerals
- Northam Platinum Limited
- Pan Palladium South Africa (Pty) Ltd
- Plateau Resources (Pty) Limited
- Platreef Resources (Pty) Limited
- Rustenburg Platinum Mines (Pty) Limited (Eastern Limb Development)
- Samancor Chrome Limited
- Sishen Iron Ore Company (Pty) Ltd
- Two Rivers Platinum (Pty) Limited
- Umnotho weSizwe Investment Holdings (Pty)
- Veremo Holdings Limited
- Western Platinum Limited (On behalf of Messina Platinum Mines Limited)
- Xstrata South Africa (Pty) Limited
## Funds Invested:

<table>
<thead>
<tr>
<th>Item</th>
<th>Project Discipline</th>
<th>Description</th>
<th>Role of Forum</th>
<th>Mines Contribution</th>
<th>Project Capital Value Geared</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water Supply</td>
<td>Raising of Flag Bashielo and Lebalelo pipeline</td>
<td>Lebalelo Water User Association</td>
<td>R225 m</td>
<td>DWAF construct</td>
<td>Project complete</td>
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<tr>
<td>2</td>
<td>Water Supply</td>
<td>JWF ORWRDP - De Hoop Dam and pipelines</td>
<td>Facilitation</td>
<td>R6 m</td>
<td>R 9 b</td>
<td>De Hoop Dam - construction in progress</td>
</tr>
<tr>
<td>3</td>
<td>Water Supply</td>
<td>PWF - Mogalakwena - Water pipeline to communities and mines</td>
<td>Facilitation - Conceptual Study</td>
<td>R3 m</td>
<td>R100 m</td>
<td>Bulk Water pipeline to be constructed</td>
</tr>
<tr>
<td>4</td>
<td>Tubatse PMU</td>
<td>Professional Support and Training for GTM Technical Department</td>
<td>Professional support and training</td>
<td>R3.5 m</td>
<td>R100 m</td>
<td>Roads projects completed and in progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- R555 - Operation and maintenance</td>
<td>Facilitation role</td>
<td>R.5 m</td>
<td>R25 m</td>
<td>Operation and maintenance in progress</td>
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<tr>
<td></td>
<td></td>
<td>- D4170 &amp; D4180 Upgrade</td>
<td>Design and Facilitation role</td>
<td>R2 m</td>
<td>R200 m</td>
<td>Planned construction - 2009</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Burgersfort CBD Roads</td>
<td>Design and Facilitation role</td>
<td>R1 m</td>
<td>R7 m</td>
<td>Construction in progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- N11 Safety and Realignment</td>
<td>Facilitation and Pre-feasibility</td>
<td>R4 m</td>
<td>R450 m</td>
<td>N11 Road alignment and Safety planned for construction</td>
</tr>
</tbody>
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| TOTAAL | R247 million | R9.5 billion |
Mining continues to uplift rural communities:

- Marula Platinum is an example of a useful multi-community equity investment model:

  ![Diagram showing the structure of Marula Platinum and its subsidiaries]

  - Implats: 73%
  - Marula Community Trust: 9% (6 rural communities)
  - Mmakau Mining: 9% (technical partner)
  - Tubatse Platinum: 9% (SMME - Partners)

- Dividends fund the sustainable futures of these rural communities
Uplifting Communities through Mining Equity:

COMMUNITY TRUST
(Community Representation)

Development Committee
(Community Representation)

Education
Schools
Training
Bursaries, etc.

SME, Development & Job creation: training facilitation, etc.

Health & welfare: AIDS, clinics, education, orphanages, community support, etc.

Social infrastructure: tribal offices, community centres, sports facilities, etc.
Procurement an Engine for Economic Growth:

→ Develop BEE mining support industries

- 65,000 suppliers
  - (4,500 Narrow Based HDSA suppliers)
  - (12,000 BBEE suppliers)

- Total annual procurement budget – estimated at R85 billion

- Approximately R9.5 billion to HDSA
  - 600 Buyers

64 mining & supply operations across 6 provinces

Source: Decti - 2008
Most mines situated in rural areas

Mining is a catalysts for rural development

Royal Bafokeng Nation, an excellent role model:

- Market cap: 33.5 billion
- Dividends invested in rural renewal projects
- In past 10yrs over R2 billion invested in clinics, education, public utilities
- Great mentorship to other rural communities.

Source: RBN financial report: April 2008
I have walked that long road to freedom. I have tried not to falter; I have made missteps along the way. But I have discovered the secret that after climbing a great hill one only finds that there are many more hills to climb. I have taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come, but I can rest only for a moment, for with freedom comes responsibility, and I dare not linger, for my LONG WALK HAS NOT YET ENDED.
Uplifting Rural Communities through Producers Forums and Integrated Development Models:

- Integrated Development Plans
- Land use Management Control
- Project Management Units
The Integrated Solution Model:

Project Management Units
Partnership Model:

ORGANS OF STATE

AsgISA & National Industrial Policy Framework (NIPF)

Socio Economic Development

Transformation: Broad Based Poverty Elevation and Job Creation

Institutional, Technical, Administrative & Political Capacity

DEVELOPMENTAL STATE

ideological

Structural

MINING INDUSTRY

Collective Mining Forums

BBBEE MPRDA Mining Charter SLP’s

Infrastructure Investment

Industrial and Sector Strategies (NIPF)

Skills & Education Initiatives (incl Governance & State capacity)

Spatial Industrial Development

Attract foreign investments

Infrastructure development

Mining Sector Regulations

Skills & Capacity Initiatives

Spatial Development (mining corridors)

Attract & maintain foreign investments

SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT