



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

ADDRESS BY THE

HONOURABLE MINISTER OF MINERAL RESOURCES

Mr SAMSON GWEDE MANTASHE

TO THE NATIONAL COUNCIL OF PROVINCES, ON THE OCCASION OF THE
DEBATE ON VOTE 29: Mineral Resources

7th June 2018, Cape Town

Honourable Chairperson

Chairperson of the Select Committee on Land and Mineral Resources,
Ntate Sefako

Members of the National Council of Provinces

Distinguished Guests

Ladies and Gentlemen

It gives me great pleasure to be in this House today to deliver Budget Vote 29: Department of Mineral Resources.

Budget allocation

Honourable Members,

The Department is allocated R1,9 billion for the 2018/19 financial year. The funding allocated to the Department and its portfolio of entities remains inadequate, for us to effectively carry out our mandate. This anomaly must be addressed so that we are better able to be a catalyst for the growth and development of the economy. We are mindful of the fiscal constraints the country faces and will, therefore, strive to deliver with the limited resources at our disposal.

Policy update

A substantial amount of our work happens in provinces, where South Africans interface directly with the Department through its regional offices. That is where the impact of our work is most felt by our people.

We have recently concluded country-wide community consultations on the Mining Charter. We visited mining communities in all nine provinces, that is, Emalahleni in Mpumalanga, Lephalale and Burgersfort in Limpopo, Kathu in the Northern Cape, Saldhana in the Western Cape, Klerksdorp and Rustenburg in the North West, King Williams Town in the Eastern Cape, Carletonville in Gauteng, Welkom in the Free State and Newcastle in KwaZulu-Natal. We are encouraged by the positive contributions made, both written and verbal, that have been invaluable. We will soon host a Summit to present the draft Charter before it is taken through the relevant Cabinet processes and gazetted.

During these visits, we also received inputs on the Department and how our stakeholders think we can better serve them. The issues raised in this regard are receiving the necessary attention and form part of our programme of action. We are committed to engage more with the key stakeholders we serve, that is, communities, mining companies and mineworkers. You will therefore be seeing more of us in the various provinces, as we bring our services closer to the people.

The Mineral and Petroleum Resources Development Amendment Bill has been tabled before the NCOP for processing. We appeal to Members of this House to assist in prioritising the finalisation of this Bill. This is important because, together with the gazetting of the Mining Charter, enacting it will go a long way to contributing to policy and regulatory certainty. Such certainty will lead to increased confidence in our mining

sector, resulting in the growth, transformation and competitiveness. Therefore, making South Africa an investment destination of choice for mining and upstream petroleum.

Licensing

One of the issues which has come out quite sharply during our visits to the provinces is how our officials handle the licensing process.

Issuing of mining rights and the proper processing of applications for mining licences is already among our key priorities. A preliminary internal investigation shows that the backlog on new mineral right applications stretches as far back as 2012; while applications for renewal of prospecting right applications go as far back as 2010. The implication of unprocessed renewal applications is that it blocks any other party from applying for a mining right in that area.

We are putting measures in place to overcome this hurdle, to ensure that prospectors can prospect, and those with the legal permits and the means to mine can do so. Among various considerations before us is an audit of all applications, permits and mining rights. In addition, various measures to deal decisively with corruption are being considered. The Licensing Committee is already meeting more regularly to process applications.

Geomapping programme and shale gas development

The results of the geomapping exercise that is being undertaken by the Council for Geoscience (CGS) is expected to have multiple benefits.

They include prospects for new mineral development, identifying new ground water sources, delineating possible renewable energy sources in a form of geothermal energy, as well as land for infrastructure and agricultural development.

Work continues by the CGS and Petroleum Agency SA in Beaufort West in the Western Cape on the shale gas project. Research, which commenced with a baseline study being conducted is now ready for the next phase, which is the deep drilling of boreholes. The drill site has been identified and secured. The drilling process for monitoring wells and deep borehole well for the environmental baseline has commenced. Through this process, CGS has already managed to secure water resources for the drought-stricken Beaufort West community, and 34 million litres of water have been availed to meet the community's minimum requirements.

Health and safety

The increase in fatalities in 2017 is a serious concern. Since the beginning of 2018 a total of 33 fatalities have been reported. Together with the Mine Health and Safety Council, CGS, CSIR, organised labour, employers as well as industry experts in rock engineering and seismology, the Department is paying special attention into the issue of seismicity.

The CGS has undertaken detailed dolomite stability and susceptibility investigations for housing infrastructure development, in the Northern Cape Province, with the specific intention to reduce infrastructure damages arising from geo-hazards associated with the extensive occurrence of dolomite. The initial studies cover the following municipal areas: Danielskuil, Kuruman, Prieska and Skeyfontein.

The long-term sustainability of mining is dependant not only on its growth, but also on how the industry cares for the workforce. In this regard, it is worth noting the improvements in health and safety, that is, an 11% decrease in the number of injuries in 2017, as well as a 29% reduction in the number of occupational diseases reported.

In November 2018, we will host the Mine Health and Safety Summit to assess progress made in attaining our objective of “zero harm”, and to chart a way forward.

Illegal mining

Honourable Members,

illegal mining poses many dangers to society, in terms of health and safety, infrastructure damage as well as costs to the industry and economy. It robs Government and the people of South Africans of the benefits from taxes and royalties.

Coupled with the challenge of illegal mining is the matter of synthetics that is threatening the diamond sector. Calls have been made at the Pan African level for countries in the continent to propose and implement means to curb this threat. We are engaging the diamond industry on this matter.

Further, there is progress made through work with provincial and local government, as well as law enforcement agencies, to deal with illegal mining. In Sekhukhune, this collaboration has led to successful arrests.

In the Northern Cape, the Department has been engaging with artisanal miners to legalise their operations. On 30 April 2018 they received their mining permits. They will now sell their diamonds in the open market, free from unscrupulous diamond buyers.

As we explore ways to regulate artisanal mining as means to enable ordinary South Africans participate in mining, we intend having discussions with the Minister of Police on strengthening approaches to dealing with the scourge of illegal mining.

Beneficiation

In 2017 a 29% year on year improvement, due largely to strict monitoring of the Diamond Act, was recorded in the number of diamond carats that are locally beneficiated.

In our efforts to promote local beneficiation of our diamonds and precious metals, the SA Diamond and Precious Metals Regulator is currently embarking on the implementation of the Diamond and Precious Metals Beneficiation Strategy. Initiatives by the State Diamond Trader (SDT) to increase participation and employment in beneficiation include raising the amount of suitable rough diamonds offered annually, to ensure clients have security of supply. With only 15 percent of South Africa's run of mine production being considered economic for local beneficiation, the SDT is exploring ways of making it economic to beneficiate an increased percentage of local run of mine production, thus increasing the amount of rough diamonds beneficiated locally.

The SDT continues to prioritise its HDSA clients, especially youth and women, when allocating diamonds. It will increase the amount of rough diamonds sold to its black clients, to accelerate their growth and ensure that they are sustainable. It is envisaged that by 2023, at least 30% by mass of the rough diamonds sold by the SDT will be to black clients. In addition, the entity will ensure that there is a constant stream of new black diamond entrepreneurs entering the sector through its Enterprise Development Programme.

Stimulating local beneficiation of rough diamonds for non-jewellery applications will attract untapped markets for the diamond beneficiation sector, resulting in a demand for goods previously not desired by beneficiators. Furthermore, the SDT is collaborating with the Gauteng Industrial Development Zone (GIDZ) and SEDA Platinum Incubator to set up an equipment hub to help new entrants.

Rehabilitation and sustainable development

The absence of mine environmental legislation prior to 1991 created an estimated liability of more-than R47 billion for the State.

Over the past few years the Department has been involved with the actual rehabilitation of derelict and ownerless mines, through Mintek and CGS. In the current Medium-Term Expenditure Framework (MTEF) alone 145 mine sites across six provinces (Gauteng 39, Limpopo 45, Mpumalanga 43, KwaZulu-Natal 2, Northern Cape 2 and North West 14) were rehabilitated. This work continues.

Furthermore, 16.7% of the recorded derelict and ownerless mines have been issued with licenses.

The Acid Mine Drainage water treatment project also continues. The largest opportunity we are envisaging is in the treatment of Acid Mine Drainage from the Wits basin. We are also testing, through Mintek, a different method at a pilot plant in a coal mine in Mpumalanga. The overall aim is to provide water to build sustainable communities after the life of a mine. In addition, we are scaling up the development of an integrated filter for the removal of metals and bacteria in drinking water, through nanotechnology.

The Department continues with implementation of recommendations by the Inter-Ministerial Committee on Acid Mine Drainage (AMD), including diverting surface water away from mine voids, especially in the Witwatersrand area.

Skills and capacity development

In the Free State, the SADPMR has embarked on a project to support the Virginia Jewellery School in bringing economic revitalization to the Free State, thereby helping to reduce poverty and unemployment in the area. The project entails the training of prospective historically disadvantaged SMME entrepreneurs to start businesses and in turn create employment in the diamond beneficiation and jewellery manufacturing.

The State Diamond Trader continues to prioritise youth skills development within the jewellery fabrication industry. The entity partnered with the Mining Qualifications Authority (MQA) through an agreement to facilitate and implement an Exit Training Programme for Jewellery Designers and Watchmakers who were sent to Italy for training in their respective fields. The trainees originate from all nine provinces.

Through the entity's Enterprise Development Programme, the State Diamond Trader ensures that there is a constant stream of new young black diamond entrepreneurs entering the sector. By the end of December 2017, the programme had seven groups with 27 trainees originating from all nine provinces. One of the trainees was released from the programme as she now has an operational diamond cutting and polishing factory. She is now a client of the State Diamond Trader and qualifies to buy rough diamond from the entity.

Conclusion

As outlined in this address, we have an insurmountable workload and high expectation from our stakeholders and society. Your support and oversight role will assist us to deliver on our mandate.

I wish to thank the Select Committee for the oversight over the Department and its entities, which ensures that we continue to pay attention to critical areas in mining across the country. Team DMR is ready to work with you to better serve our people, and together move the mining industry forward.

Honourable Chairperson and Members,

Thank you for your attention this afternoon. I trust that this Budget will be supported by this House.

Thank you.