

SPEECH FOR

MR SIPHO NKOSI,

PRESIDENT OF THE

CHAMBER OF MINES

AT THE LAUNCH OF THE STRATEGY

FOR SUSTAINABLE GROWTH AND

MEANINGFUL TRANSFORMATION OF

THE SOUTH AFRICAN MINING

INDUSTRY IN PRETORIA ON

ON

WEDNESDAY 30 JUNE 2010

Honourable Minister of Mineral Resources, Ms Susan Shabangu; NUM, Solidarity and UASA office bearers; mining industry colleagues from SAMDA and the Chamber of Mines; members of the media; ladies and gentlemen.

Being here today to endorse a declaration that has emerged from a stakeholder engagement process that has been both constructive and productive, presents yet another opportunity for us to extract satisfaction from our well established capacity as South Africans to overcome differences and arrive at positive conclusions.

The progress that has been made and the objectives achieved go much further than the creation of a strategic formula to optimise the performance and advance the transformation of the mining industry. More importantly, they amount to a fundamental acknowledgement that the future prosperity of South Africa is inseparably linked to the ongoing successful operational imperatives of its world-class and dynamic mining sector.

The contribution that the business of mining has made to socio-economic and infrastructural development in South Africa over a period of well over 100 years is well documented. What is probably more significant in a contemporary context, is not so much the accomplishments of the past but rather the capacity of the mining sector to add value in the future to the needs and aspirations of a democratic South Africa and all of its people.

Let us not for one moment begin to contemplate that mining does not possess the capability that will be required. The fact that it most emphatically does, is confirmed in a recent Citibank of New York stockbroking report. The report presents information on the estimated in situ resource value of several of the world's mining countries. Although it excludes so called energy minerals – coal would be an example of these and our country in any event has abundant reserves of that commodity - South Africa is identified as having the largest in situ resource value of

any country in the world. Our mineral deposits are estimated by Citibank, a most reputable financial institution, to be worth 2.5 trillion US dollars.

A significant percentage of South Africa's in situ resource value is to be found in our platinum group metal deposits. South Africa's PGM reserves amount to more than 80 percent of the world's known endowment. In US dollar value, Russia and Australia are rated a distant second to South Africa. Both have an estimated in situ resource value of 1.6 trillion US dollars.

The minerals that are embedded in South African soil do not in themselves extend to our country a substantial competitive advantage over countries like Russia, Australia, the United States and Canada which, among others, are our major rivals to rank as the primary supplier of mining commodities to the international market. Occupation of that position of dominance is critically reliant on a wide range of other circumstances that need to be prevalent.

Prior to the catastrophic economic recession from which so many members of the international community of nations are only now beginning to emerge, there was an extended global commodities boom.

A selection of different but inter-related constraints prevented the South African mining sector, unlike its international competitors, from taking full advantage of the unprecedented demand for commodities that was caused by exceptional economic growth in a number of different national economies – most notably China.

The declaration that we as mining sector stakeholders will be signing today, and which is the result of our effective and collaborative tripartite commitments, is primarily aimed at removing all of the barriers that inhibited our mining industry and resulted in it missing opportunities to be a successful beneficiary of the recently ended commodities boom. At this time we are beginning to witness some improvement in the global economy and it is reasonable to expect that these will deliver increased demand for so many of the mineral commodities that South Africa has the capacity to provide.

Examination of our stakeholder declaration reveals a series of commitments that have as their objectives the growth, competitiveness and transformation of the mining industry. As stakeholders we have given recognition to the concept that growth and transformation are inter-dependent and that the successful achievement of these two vital objectives will ensure that when the next global commodities boom is upon us we shall be well positioned to extract appropriate value from it.

The issues that have been the subjects of deliberation in our MIGDETT engagement process, have been extensive and they have been approached in a spirit that has given recognition to the request by Sandile Nogxina, Director General in the Department of Mineral Resources, that there will be no holy cows. This was an effective decree because it enabled all stakeholders to overcome individual prejudices in the more important context of seeking outcomes that were aimed at serving the best interests of the industry in a holistic and unemotional manner.

In the area of sustainable growth, stakeholders concentrated on vitally important concerns like infrastructure where it was acknowledged that while the industry had limited capacity to rapidly resolve our country's electricity problems or its transport challenges, there were nevertheless many positive interventions that could be made to assist the relevant authorities. One such initiative is an "Integrated Long Term Infrastructure Planning Mechanism" for the mining sector. For the business of mining this is a critical project because it goes without saying that in the absence of a reliable supply of power and without the presence of effective transport networks, the industry faces no reasonable prospect of getting sufficient volumes of its products into the international marketplace.

Over the years, mineral exports have consistently accounted for more than 50 percent of South Africa's foreign exchange accruals and have consequently been a meaningful component of our national balance of payments position.

Innovation, focused mainly on R and D, sustainable development, beneficiation, the regulatory framework, employment equity and other significant transformation issues also received concentrated stakeholder attention. Commitments pertinent to all of these matters are to be found in the declaration that will receive our endorsement this morning.

From a Chamber of Mines perspective it is both my pleasure and my responsibility to extend appreciation to our fellow industry stakeholder representatives from government, the NUM, Solidarity and UASA, as well as our SAMDA colleagues, for the collaborative spirit that they adopted in reaching the outcomes that are recorded in our declaration.

Special thanks must go to Minister Shabangu who has given her unmitigated attention to stakeholder endeavours to reach agreeable conclusions. The same congratulations are owed to Sandile Nogxina who has been subjected to a premature ageing ordeal in taking responsibility for the overall supervision and control of our MIGDETT process. Sandile's

no-nonsense yet pragmatic approach, has brought refreshing reality to what has frequently been a complicated process.

The Chamber and all its members are optimistic that the stakeholder engagement initiative in which we have been both willing and enthusiastic participants, will create better opportunities for the companies that are involved in the business of mining; improved rewards for the government of our country; and enhanced prosperity for all of the industry's employees, their wives and, most importantly, their children.

Thank you for your kind attention.