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# Cyril Ramaphosa's message to the mining industry - DOCUMENTS

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## DOCUMENTS



### **Cyril Ramaphosa's message to the mining industry**

Cyril Ramaphosa |

06 February 2019

President says EWC is intended to enhance, rather than undermine, property rights

**Address by President Cyril Ramaphosa at the Investing in African Mining Indaba, International Convention Centre, Cape Town, 5 February 2019**

Programme Director,

His Excellency, the President of the Republic of Ghana, President

Nana Akufo-Addo,

Minister of Mineral Resources, Mr Gwede Mantashe,

Chairman of the Mining Indaba Advisory Board, Mr Mpho Mokwana,  
Managing Director of the Mining Indaba, Mr Alex Grose,  
Ministers and Deputy Ministers from across the continent and across the world,  
Leaders of organised labour,  
Industry leaders and investors,  
Representatives of civil society and communities,  
Members of the diplomatic corps,  
Distinguished guests,  
Ladies and gentlemen,

I am truly honoured to have been invited to join the Mining Indaba as it celebrates its 25th anniversary.

It is fitting that this occasion should coincide with the 25th anniversary of the achievement of democracy in South Africa, given the significant role the mining industry has played in the construction of present day South Africa.

The Mining Indaba offers us a valuable opportunity to engage with investors from across the globe seeking opportunities for new and further investment in Africa's mining industry.

It is important for us that they aim not only to increase their worth but also to become our partners on a journey of inclusive development.

We are pleased to note that a full day has been dedicated to deal with issues pertaining to Africa's sustainable economic development.

This demonstrates the mining industry's determination to become an integral part of the social forces working to address all the

social and environmental challenges related to mining activities.

Ladies and Gentlemen,

We have recently returned from the World Economic Forum in Davos and a State visit to India, where we engaged with the investment community on – among other things – South Africa's ambitious programme to mobilise far greater levels of investment.

Our message to international investors is that we are taking practical measures to build an economy that is underpinned by inclusive growth, competitiveness and transformation.

This message found practical expression in the inaugural South Africa Investment Conference, which we hosted in October last year.

Several companies at the Conference made announcements of investments, which amounted to around \$20 billion in total.

These announcements are a clear indication that the South African economy has a lot to offer, and that opportunities for growth are in abundance if we harness our areas of comparative advantage and create an environment conducive to investment.

The fact that three of these major investment announcements came from the mining sector gives credence to our view that mining in South Africa is a sunrise industry.

We expect that they will make a valuable contribution to accelerated economic growth and greater job creation.

We have recognised that we will not be able to meaningfully reduce unemployment and poverty without increased investment in critical areas of our economy – especially the productive sectors, of which mining is a vital part.

South Africa's mining industry has a long history in our country, spanning over 150 years.

The country's mineral wealth has attracted large capital investments over the decades, resulting in the development of integrated industrial value chains that generate significant value for the economy.

South Africa hosts the world's largest reserves of platinum group metals and manganese, and some of the largest reserves of gold, diamonds, chromite ore and vanadium.

As government we regard the mining industry as a key player in the future growth and development of our economy, with huge potential for exploration, production and beneficiation.

It is for this reason that we have prioritised the restoration of a policy and regulatory environment that is stable and predictable.

Significant work has been done to remove the uncertainty that held back the development of the industry.

We have emerged from a period of strained relations where the courts became the main platform of engagement between the industry and government.

We undertook this work because we recognise the critically important role that mining can and must still play in shaping the future of our country.

To this end, we moved to speed up the finalisation of the Mining Charter and to provide greater clarity on the Mineral and Petroleum Resources Development Amendment Bill.

Because of their importance, these actions formed a critical component of the Economic Stimulus and Recovery Plan we

announced in September 2018 after our economy went into a technical recession.

As part of the package, government is reprioritising spending, within the existing fiscal framework, towards initiatives that are aimed at driving economic activity, including financial and non-financial measures to turn around the economy.

We have further recognised the challenges raised with us by investors by, among other things, administered prices for ports, rail and electricity, as well as infrastructure bottlenecks.

We welcomed as we do now, the interactions we have had with the private sector representing both local and international on a number of issues that are of concern to them and some matters of concern to us.

We are working in earnest to address the constraints that were raised with us as we implement the Stimulus and Economic Recovery Plan. We are addressing issues that are of concern to companies such as Visa Regulations, reducing the cost of doing business, eliminating many bureaucratic constraints and making it a lot easier to conduct business.

The energy, transport and water sectors – all of which are important for the mining industry – represent the bulk of the infrastructure investment spending plans that the government is planning for the years ahead.

The other important infrastructure challenge you are all concerned about is the security and affordability of energy supply. We have been giving detailed attention to the crisis at Eskom. Eskom is currently facing significant operational, financial and structural challenges.

Eskom's contribution to the health of our economy is too great for it to be allowed to fail. It is too important and is too big to fail.

And we will not allow it to fail. Restoring and securing energy security for the country is an absolute imperative.

In the coming days, we will be announcing a package of measures to stabilise and improve Eskom's financial, operational and structural position and to ensure security of energy supply for the country.

We are also working with our partners across the continent to develop infrastructure that facilitates the integration of African economies and the development of intra-regional value chains.

We have used the opportunity of our engagement with investors to outline our approach to land reform.

Understandably, concern has been raised about the proposal for the expropriation without compensation to be among the mechanisms used to promote land reform.

We must emphasise that our approach will enhance, rather than undermine, property rights as we seek to address what we have termed the original sin which was committed against black South Africans during colonial and apartheid days.

The measure we are proposing will apply to land for the purposes of land reform only, and within a clearly defined set of circumstances.

This measure will be undertaken in a way that promotes economic development and agricultural output, and that does not undermine the principles of our Constitution or the rule of law. Investors need not fear that their investments and assets will be taken away from

them.

We must applaud those mining companies that own surplus land they do not use and have indicated to us that they are willing to give away their land for housing to local government or for farming to various communities.

This is what good corporate citizenship is about, where companies are constructively involved in addressing a pressing social need.

South Africa's Minister of Mineral Resources, Gwede Mantashe, provided great detail yesterday on government's plans for the mining industry, and how we are ensuring that we play our part in creating an enabling environment for investors.

We are committed to these plans because we understand the importance of the mining industry in ensuring that we achieve our country's social and economic objectives.

We appreciate and applaud the Mining Leadership Compact signed this morning by the South African government, organised business and organised labour.

We are certain that the Mining Leadership Compact will enable all social partners to each do their part in contributing to the sustainable growth, transformation and competitiveness of the industry.

The Compact sets the tone for a longer-term vision for the industry that we believe is attainable.

We are extremely pleased that gathered here are leaders from across the African continent responsible for mining and minerals development in their respective countries.

We need to use the platform provided by this Indaba to strengthen

our collaborative efforts aimed at regional integration through implementation of the African Mining Vision.

It is through this Vision, adopted by Heads of State at the February 2009 African Union Summit, that we can ensure that the mineral wealth of our continent is developed in a manner that benefits all its people.

As government plays its role in creating an environment in which mining thrives for the benefit of all our people, we urge the industry to take advantage of the technological advances underpinning the fourth industrial revolution.

I am encouraged by some of our mining houses that are already making use of technology – no longer for purposes of replacing people with machines – but fundamentally to improve efficiency, guarantee safety, produce a skilled workforce and, most importantly, preserve jobs.

As I conclude, I wish to issue a challenge to the mining industry.

We firmly believe that mining companies have the resources, the capabilities and an interest in more deliberately contributing to development, both where they are located and across society.

Mining companies have an opportunity to create broader social value in a way that also enhances the success of their business.

I would like to suggest that mining companies should strive to realise what I call the 10 Value Creating Principles for a more modern, successful and productive mining industry.

1 Companies should foster inclusive growth in the areas where they operate.

It has been shown that companies that care about the upliftment of



workers and communities are more successful.

We live in a world where people no longer want to have things happen around them without their knowledge and involvement. They want to be engaged and have their views heeded.

Companies, government and labour must work together to create shared value and ensure the benefits of mining are more widely spread.

2 Companies should partner with local governments to improve infrastructure, such as water and roads, in the areas where they operate.

Such infrastructure is critical for the effective functioning of mines, and too often companies and municipalities do not coordinate their work or even operate at cross purposes.

3 Companies need to see investment in the living conditions of their workers as more than a regulatory obligation.

Through, for example, building decent houses for workers, companies can ensure workers are much more productive and can demonstrate their commitment to build sustainable working communities.

Such social investment is an important part of the effort to end the the dehumanising effect of the migrant labour system.

4 Companies should invest in education and training.

We applaud those companies that are far-sighted enough to set up early childhood education centres, as well as those that are helping to develop hardcore skills that are needed now, such as mining engineering, metallurgy and artisan training.

We urge companies to embrace the recommendations of the ILO Global Commission on the Future of Work, in particular the commitment to a lifelong learning process.

This involves skilling, re-skilling and up-skilling to equip workers to manage the work transitions that will result from technological advances.

5 Companies should partner with training colleges, contributing to the development of curricula and providing work experience for students.

Among other things, this will ensure that companies can draw on a pool of well-trained graduates with relevant skills and experience.

6 Companies should embrace beneficiation.

Not only does beneficiation encourage the expansion of our industrial capacity, create employment and enable the extraction of greater value from our mineral wealth, it also helps to create demand for these metals and locates markets for these metals closer to the site of production.

Several companies have seen the logic of local beneficiation and are keen to work with government to develop downstream industries.

7 Companies need to pay more attention to, and invest more in, the health and safety of workers.

As a matter of principle, workers should not be exposed to life-threatening situations or where they could suffer bodily harm.

Safe and healthy workers are also much more productive.

8 Companies need to provide internships and job experience

opportunities for young people – as well as provide business opportunities for SMMEs – because that is the only way to prepare our youth for the world of work and stimulate growth through the active participation of SMMEs.

9 Companies must prioritise the development of young women, through proactive hiring policies, prioritised training, promotion and mentorship.

10 Companies must have the courage to include their workers in the shareholding of the companies.

They need to give due recognition to unions and be willing to bring them onto boards. Many companies are already doing many of these things.

They need to be applauded and emulated by others, for it is through creating shared value that we can ensure a sustainable industry that benefits all.

Please be assured that Team South Africa stands ready to work with you as we set the mining industry on a new path of growth and renewal.

I thank you.

*Issued by The Presidency, 5 February 2019*