

SPEECH FOR

DR C J FAUCONNIER, PRESIDENT

OF THE CHAMBER OF MINES

AT THE LAUNCH OF THE

MINERALS AND MINING

DEVELOPMENT BOARD AT THE SAMMY

MARKS CONVENTION CENTRE,

PRETORIA ON

28 JUNE 2005

His Excellency, President Thabo Mbeki; Her Excellency, Deputy President Phumzile Mlambo-Ngcuka; Honourable Minister of Minerals and Energy, Ms Lindiwe Hendricks; (any other honourable Ministers who may be in attendance); Deputy Minister of Minerals and Energy, Ms Lulu Xingwana; Director General in the Department of Minerals and Energy, Advocate Sandile Nogxina; other senior Departmental officials; representatives of organised labour and community constituencies; mining industry colleagues; ladies and gentlemen.

What an honour it is for me to be here and to be given the opportunity to participate in the launch of the Minerals and Mining Development Board. In addition to the presence of so many distinguished guests here this evening, what makes this occasion so gratifying and auspicious is that it presents yet another example of the pre-eminent role that the mining industry and its most intimate stakeholders are playing in the development and implementation of innovative measures aimed at the constructive resolution of differences and enhancement of efficiencies.

Mining industry stakeholder collaboration emerges from the mature and productive climate of trust that has so effectively been structured under the guidance and leadership of Phumzile Mlambo-Ngcuka, until last week the Minister of Minerals and Energy, but now elevated by President Mbeki to the position of Deputy President.

Representing the mining industry here tonight - and in the same spirit of candour that has consistently characterised our relationship with Phumzile – I must make the point that the industry

has mixed feelings about her promotion. On the one hand we are delighted and enthusiastically applaud her Deputy Presidential appointment. It is most emphatically well deserved, and we are extremely proud of our former Minister and now our Deputy President.

On the other hand there is understandable disappointment in the industry that Ms Mlambo-Ngcuka will be relinquishing Cabinet responsibility for the business of mining in South Africa. She has been an exceptionally good Minister and a friend to our industry.

What we have all come to learn and accept about our Country since the dawn of democracy in 1994, however, is that change is endemic and probably inevitable. In support of that dynamic process the industry welcomes the appointment of Ms Lindiwe Hendricks as the new Minister of Minerals and Energy. She comes to the mining portfolio with an outstanding reputation and we regard as a particularly good portent the fact that like her distinguished predecessor, Minister Hendricks served time as a Deputy Minister of Trade and Industry.

Minister Hendricks it is to you in your new capacity as Minister of Minerals and Energy that the Minerals and Mining Development Board, the official launch of which we are here this evening to acknowledge, will be providing considered counsel and advice.

From a Chamber of Mines perspective allow me to make use of tonight's occasion to present an undertaking that the Chamber and its mining company members are fully committed to both the

establishment of the Board and, perhaps more importantly, making the kind of contribution which will ensure that it meets the critical expectations clearly defined for it in Chapter Five of the Mineral and Petroleum Resources Development Act. We are also committed to making you feel welcome in our industry and to give you our full support in the task that lies ahead of you.

What emerges from examination of the proposed functions of the Board is that there are some very specific objectives that will need to be pursued. These relate to critical areas of contemporary mining industry focus and embrace issues like sustainable development, transformation, downscaling, human resource development and dispute resolution.

Additionally, members of the Board are directed – in a more wide-ranging context – to report to the Minister on any matter relating to the application of the MPRDA or on any matter concerning the objects of the Act. The functional imperatives vested in the Board give it fairly extensive capacity to address and seek practical solutions to virtually any matters that are of interest and concern to the mining industry. In its effective management of conspicuous challenges, the Board has significant potential to assist the Minister in creating the circumstances that will enable the mining sector to retain its reputational profile as a truly world class industry.

Our country is not blessed with an abundance of world class industries and the need for mining to energetically preserve its position of global eminence is closely linked to Deputy President

Mlambo-Ngcuka's insistence that mining in South Africa is a sunrise – most emphatically not a sunset – industry. Her sentiment is shared by the Chamber and there is unanimous belief that the mining industry has outstanding potential to contribute meaningfully to Government's policy focus on poverty alleviation and effective transformation of South African society.

In carrying out its mandated duties, it is my belief that the Minerals and Mining Development Board will be extremely well placed to add substance – and thus ultimately eliminate all traces of uncertainty – to the laudable provisions contained in the Act and its attendant Mining Charter. The fact that the Charter was the first sectoral transformation template produced in our country is now a proud component of recent mining industry history.

Of critical importance as we move forward into the future is the need to ensure that the Charter gains acceptance, both locally and internationally, as an instrument of meticulous certainty and an expression of sound principle and trust.

There remains acute awareness of the damaging repercussions that followed the premature leakage of an alleged Mining Charter into the public domain. The manner in which the damage caused by that event was handled by the industry and its stakeholders, is just another example of how good has become the collective problem-solving mechanism. Identical favourable recognition can be directed at the methodology employed to deal with concerns raised by the Foreign Investors' Mining Association relating to

51 per cent ownership targets for Departmental approval of prospecting and mining right applications.

In dealing with this issue – one that quite justifiably raised a ripple of uncertainty in the sense that it was perceived as an unacceptable movement of the goalposts – it was explained that the 51 per cent ownership requirement was relevant only to new applications to prospect or mine in respect of minerals rights previously owned by the State. Furthermore, these were requirements that would be enforced for just one year after the official introduction of the MPRDA. At the end of the 12-month period the empowerment requirements would revert back to the provisions contained in the Charter which are 15 per cent in five years and 26 per cent in ten years.

While there can be no doubt that the problem-solving capabilities that I have referred to are a commendable ingredient of the mining industry stakeholder relationship, it is equally indisputable to contend – most specifically insofar as the Mining Charter is concerned – that it would have been preferable to have had sufficient clarity and certainty to have rendered it unnecessary to find urgent explanatory responses to what often turned out to be unfortunate, yet nevertheless potentially damaging, misinterpretations or misrepresentations of actual intentions.

It is in this critical arena, distinguished ladies and gentlemen, that I believe the Minerals and Mining Development Board has an invaluable outcome to deliver.

As one of the co-architects of the Mining charter I remain thoroughly convinced that it is a document of irrefutable distinction. It was created in the same co-operative and conciliatory spirit that has earned international recognition for South Africans as remarkably competent achievers in the realm of overcoming the unacceptable legacies that are the inevitable consequence of our previous political dispensation.

But while the circumstances in which the Charter was produced are impeccable, the strength that it has, as a document forged in an atmosphere of collaborative goodwill is not matched by a corresponding degree of attention to detail. What I am disclosing this evening is not some closely guarded secret emerging for the first time. It has always been accepted that the Charter is a living document and although it represents a genuine and essential commitment to overcome some of our country's past societal imbalances, it remains a product that will continuously be improved by the addition of essential detail. When we drafted the Charter we all recognised that a document of some 12 typed pages would lack the necessary detail, but we felt that detail would be added during implementation with the same spirit and intent that marked the Charter negotiations.

It is in this context that I believe the Board will be well positioned and appropriately resourced to fine-tune and add detail to the precedent-setting empowerment conventions that were so effectively and successfully negotiated for inclusion in the Mining Charter. By giving attention to this important mission there will surely emerge an unambiguous empowerment guideline with

sufficient detail to make it impossible for different individuals or institutions to interpret its intentions with anything but a singularly identical meaning. With this level of certainty there will be elimination of confusion over what is needed for all applications required in terms of the Act and the mining sector will have minimal difficulty living up to its description as a sunrise industry.

Ladies and gentlemen, the Minerals and Mining Development Board will quite clearly find plenty of work to keep it busy. My concentration this evening has almost exclusively been focused on what I think it should do to add substance and certainty to the Mining Charter. I have emphasised these requirements because I passionately believe that they are essential pre-requisites to the prosperous future of an industry that must certainly be regarded as pivotal to the individual and organisational interests of everybody attending this function. I have no doubt that the Board, launched this evening in the established excellence of our country's tripartite undertakings, is destined to make a positive contribution to the business of mining in South Africa.

I thank you all for your courtesy in giving me the opportunity to address you this evening. May I in conclusion once again wish both our Deputy President and our Minister of Minerals and Energy everything of the best with their new roles in the affairs of our country. May God bless you both.

Thank you