



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA



**MPUMALANGA  
PROVINCIAL  
GOVERNMENT**

# **MPUMALANGA MINING LEKGOTLA**

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*“Towards mining for sustainable development”*

**01-02 November 2012**

***DISCUSSION DOCUMENT***

## TABLE OF CONTENTS

<b>Contents:</b>	<b>Page</b>
1. Introduction.....	2
2. Purpose of the Mining Lekgotla .....	2
3. Expected outcomes of Lekgotla .....	2
4. Background .....	2
5. A Brief Profile of the Province.....	4
5.1. Population .....	4
5.2. Labour Profile .....	5
5.3. Employment .....	6
5.4 Unemployment.....	7
5.5 Poverty.....	9
5.6 Inequality .....	10
5.7 Education Profile .....	11
5.8 Economic sectors and their respective performance .....	13
6. Synopsis of the Mining Sector .....	15
6.1 Labour contribution of the Sector .....	17
7. Areas of cooperation and collaboration.....	18
7.1 Human Capital Development.....	18
7.2 Enterprise development.....	19
7.3 Urban renewal.....	19
7.4 Sustainable development and the environment .....	20
7.5 Proposed projects for Partnership.....	20
8. Implementation Approach .....	21
8.1 Proposed Institutional Arrangements.....	21
8.2 Establishment of the Projects Steering Committee .....	21
8.3 Project Implementation Teams.....	22
8.4 Secretariat .....	22
8.5 Implementation Progress Review Summits .....	23
9. Conclusion .....	23

## 1. Introduction

The Department of Mineral Resources, in collaboration with the Mpumalanga Provincial government, is hosting a two (2) day Mining Lekgotla (01-02 November 2012) at the Steve Tshwete Local Municipality.

This document therefore aims to provide a framework that must guide all the relevant stakeholders in the mining sector to respond, in the short to medium term, to the challenges that are confronting our people in the Province, particularly those communities that are living where these mining operations are taking place.

It identifies even the areas where the stakeholders can co-operate, in order to grow the mining industry with an understanding that such growth must contribute towards job creation, and the reduction of poverty and inequalities persistent in the Province.

In the main, the document captures one of the approaches meant to take forward the objectives of the ***Mpumalanga Economic Growth and Development Path (MEGDP)***, but focusing particularly on the mining sector.

## 2. Purpose of the Mining Lekgotla

The primary purpose of the Mining Lekgotla is to develop better mechanisms to enhance the contribution of the mining industry to sustainable growth and development, with specific emphasis on human capital development, enterprise development and infrastructure development.

## 3. Expected outcomes of the Lekgotla

The Mpumalanga Mining Lekgotla is expected to achieve the following outcomes:

- A signed pledge from all partners with clear areas of co-operation
- An Action Plan to deliver on identified projects and other related issues
- Institutional mechanisms to facilitate and monitor the implementation of the Action Plan.

## 4. Background

In 2010, the Minister of Mineral Resources, Ms Suzan Shabangu and the Premier of Mpumalanga Province, Mr David Mabuza agreed to host a Mining Indaba to discuss, among other things:

- The negative impact of the world economic melt-down on the mining industry in the Province, both on mining companies and the workers;

- Innovative mechanisms to enhance the contribution of the mining sector to sustainable economic growth and development;
- Creative ways to promote co-existence of the agricultural and mining sectors which happen to compete for the same geographical space;
- Compliance issues in the mining industry with a view of promoting sustainable development.

Unfortunately, the planned Mining Indaba was placed on hold due to new national policy developments that had a direct bearing on the issues that were supposed to be discussed at the Indaba. Logically so, it was imperative that these processes be concluded first, so that our work at the Indaba is properly guided and better informed.

Out of these processes, we witnessed the emergence of, inter alia, the *National Growth Path*, *Industrial Policy Action Plan (IPAP 2)* and now of late – *the National Development Plan*. All these policies informed the development of the growth trajectory that the Province is currently pursuing – ***the Mpumalanga Economic Growth and Development Path (MEGDP)***, which is a framework aimed at taking forward the national policy imperatives. However, this document focuses at the province-specific issues, particularly those areas where the Province enjoys comparative and competitive advantages.

It is worth pointing out *the MEGDP* is a product of business, labour, community-based organisations and other relevant stakeholders in the Province. This Mining Lekgotla, therefore, is intended to resuscitate the initial intentions of the Minister of Mineral Resources and Premier Mabuza. It should be noted that the content for discussion will be guided by *the MEGDP* framework, which provides an integrated approach towards addressing the triple related challenges of high levels of unemployment and poverty, including the skewed distribution of resources in all levels of the Mpumalanga communities.

Core to *the MEGDP* framework, is its emphasis on the acceleration of economic growth, job creation, enhancing human capital development and improving the health profile of all citizens in the Province. It further identifies thriving sectors that must be supported for growth and development, namely, Mining and Energy, Agriculture and Forestry, Manufacturing as well as Tourism and Cultural Industries. In addition, the document identifies the ICT (Information Communication Technology) and the Green Economy as emerging sectors that need to be harnessed for employment creation and economic growth.

In the short to medium term, the Province has thus prioritised four (4) key areas of focus as part of its Programme of Action (POA), namely:

- Skills Development and Capacity Building;
- Rural Development;
- Infrastructure Development;
- Increasing production (value adding and beneficiation)

In the main, these are the key issues that will be guiding the discussions of the Lekgotla. As we deliberate on the selected areas of work, it will also be important to consider certain indicators for the purpose of enriching our discussions. We hope that this brief profile of the Province will assist in that regard.

## 5. A Brief Profile of the Province

### 5.1. Population

According to Statistics South Africa's recently released statistics of 2011, Mpumalanga's percentage share of the national population of 51 770 560 is 7.8 per cent or 4 039 939 million.

Table 1 provides the provincial percentage share of the total population in four periods (1996–2001, 2001–2007 and 2007 to 2011). The results show a noticeable increase of 10, 9 in the percentage share of the total population of Mpumalanga.

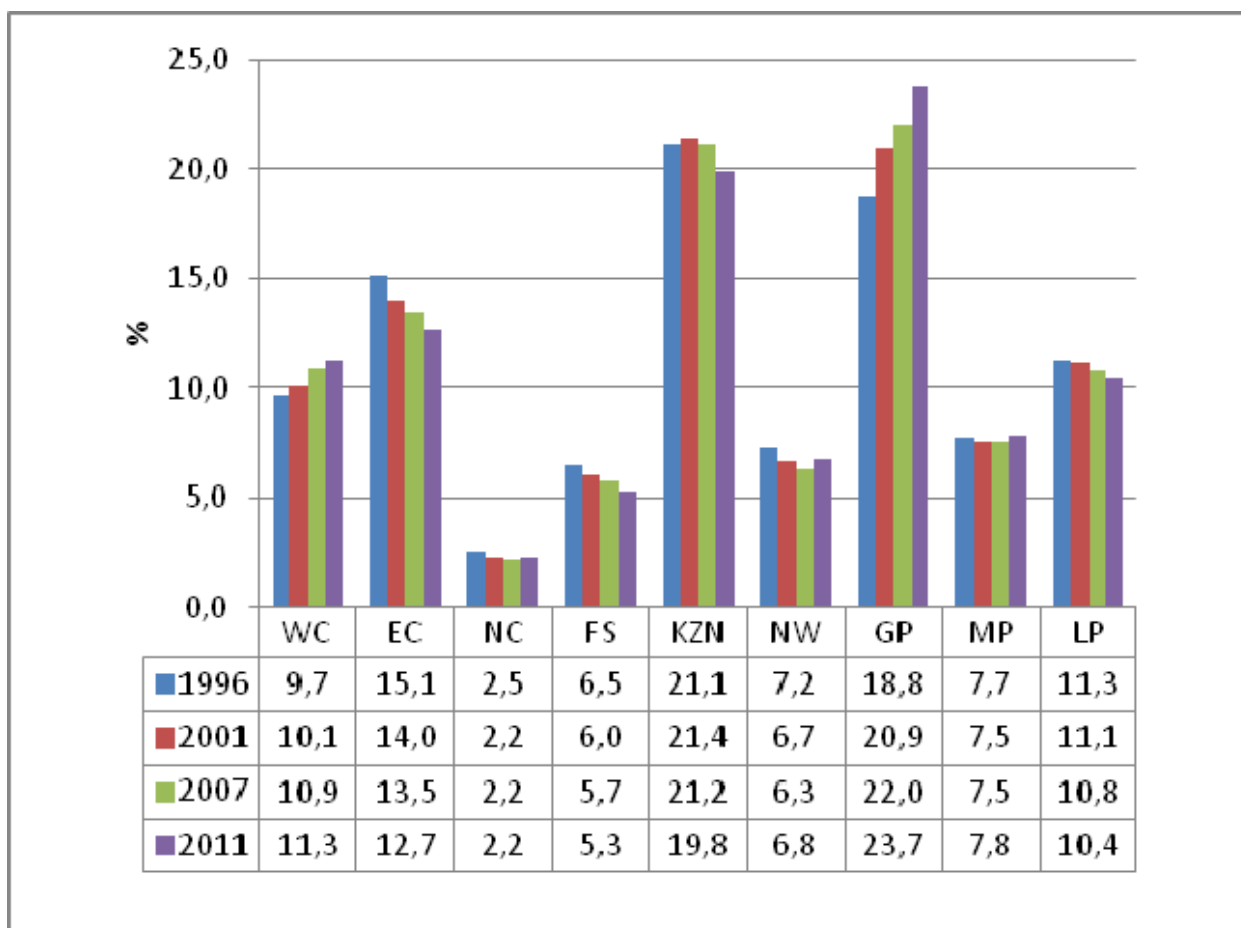
**Table 1: Population in South Africa by province, 2001 & 2011**

Province	1996	2001	1996-2001% change	2007	2001-2007% change	2011	2007-2011% change
Western Cape	3 956 875	4 524 335	14,3	5 278 584	16,67	5 822 734	10,3
Eastern Cape	6 147 244	6 278 651	2,1	6 527 747	3,97	6 562 053	0,5
Northern Cape	1 011 864	991 919	-2,0	1 058 059	6,67	1 145 861	8,3
Free State	2 633 504	2 706 775	2,8	2 773 058	2,45	2 745 590	-1,0
KwaZulu-Natal	8 572 302	9 584 129	11,8	10 259 229	7,04	10 267 300	0,1
North-West	2 936 554	2 984 097	1,6	3 056 083	2,41	3 509 953	14,9
Gauteng	7 624 893	9 388 855	23,1	10 667 505	13,62	12 272 263	15,0
<b>Mpumalanga</b>	<b>3 124 203</b>	<b>3 365 554</b>	<b>7,7</b>	<b>3 643 507</b>	<b>8,26</b>	<b>4 039 939</b>	<b>10,9</b>
Limpopo	4 576 133	4 995 462	9,2	5 238 285	4,86	5 404 868	3,2
Total	40 583 572	44 819 777	10,4	48 502 057	8,22	51 770 560	6,7

Source: Statistics South Africa – 2001 Census

Figure 1 demonstrates that Mpumalanga registered the sixth largest share among the provinces. Gauteng with 23.7 per cent was the province with the largest share of the national population, followed by KwaZulu-Natal with a 19.8 per cent share. Northern Cape recorded the lowest percentage share of the national population at 2.2 per cent.

**Figure 1: Percentage distribution of population by province, 1996–2011**



Source: Statistics South Africa – 2001 Census

## 5.2. Labour Profile

The provincial labour force of around 1.28 million individuals was 8 000 lower at the end of the fourth quarter of 2011, than at the end of the third quarter of 2011. The number of those employed (923 000 at the end of the fourth quarter of 2011) was 12 000 higher than at the end of the third quarter of 2011. The number of employed was 47 000 higher than the 876 000 employed one year ago, at the end of the fourth quarter of 2010. The number of unemployed decreased by 20 000 to 354 000 between the end of the third quarter 2011 and the end of the fourth quarter of 2011. The number of discouraged workers, however, increased by 19 000 to 232 000 over the two most recent quarters. Table 2 depicts the labour force profile of the province.

The unemployment rate (according to the strict definition) was lower at the end of the fourth quarter of 2011 at 27.7%, than at the end of the third quarter of 2011 at 29.1%. The unemployment rate (according to the expanded definition), however, increased to 42.8% at the end of the fourth quarter of 2011, up from 42.7% at the end of the third quarter of 2011. Between the two (2) most recent quarters, the labour absorption rate improved from 39.0% to 39.3%, whereas the labour force participation rate declined to 54.4%.

**Table 2: Labour force profile of Mpumalanga, 2010-2011**

Indicator	Q4 2010 '000	Q3 2011 '000	Q4 2011 '000	Q3 2011 to Q4 2011 change '000	Year-on- year change '000
- Working age population (15-64 years)	2 307	2 336	2 346	10	39
- Labour Force/EAP	1 228	1 285	1 277	-8	49
- Employed	876	911	923	12	47
- Unemployed	352	374	354	-20	2
- Not economically active	1 079	1 051	1 069	18	-10
- Discouraged work seekers	207	213	232	19	25
Rates	%	%	%	%	%
- Unemployment rate (strict definition)	28.7	29.1	27.7	-1.4	-1.0
- Unemployment rate (expanded definition)	44.3	42.7	42.8	0.1	-1.5
- Employed/population ratio (absorption rate)	38.0	39.0	39.3	0.3	1.3
- Labour force participation rate	53.2	55.0	54.4	-0.6	1.2

Source: Statistics South Africa – QLFS, 2012

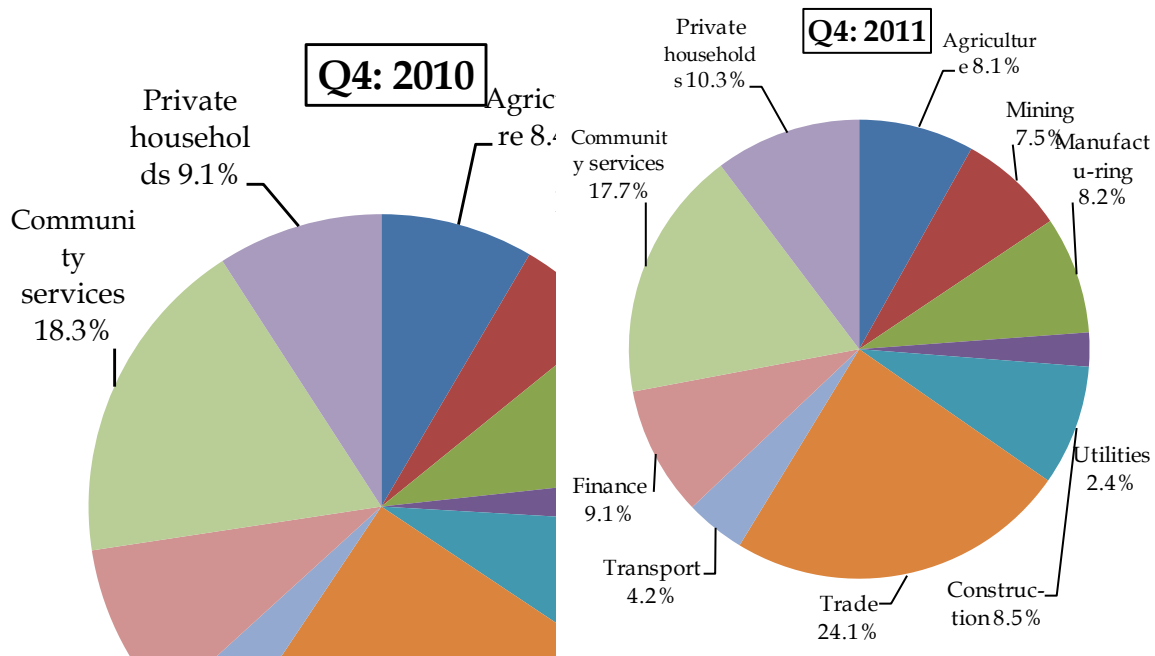
### 5.3. Employment

The national labour market gained 179 000 jobs over the fourth quarter of 2011 and 365 000 jobs over the last year, respectively. In total, over the last year, Mpumalanga recorded 47 000 more jobs and the province registered an increase of 12 000 jobs in the fourth quarter of 2011 (refer to table 6). On a year-on-year basis, the North-West (-40 000) lost the most jobs whereas Gauteng (162 000) gained the most. Gauteng (132 000), KwaZulu-Natal (52 000) and Western Cape (36 000) were the three (3) provinces to record the highest increases between the third quarter 2011 and the fourth quarter 2011. The total employment in Mpumalanga constituted 6.8% of employment in the country.

Figure 2 depicts employment by industry in Mpumalanga in the fourth quarters of 2010 and 2011, respectively. The trade and industry sector (wholesale and retail trade) employed the largest share of individuals in the province at 24.1% at the end of the fourth quarter of 2011. This was smaller than the 25.0% share registered 12 months earlier. The community and social services sector (17.7 per cent) was the second biggest employer, albeit with a smaller

share than at the end of the fourth quarter of 2010 (at 18.3%). The utilities industry was the smallest in both quarters, followed by transport as the second smallest.

**Figure 2: Employment by industry in Mpumalanga, Q4 2010-Q4**



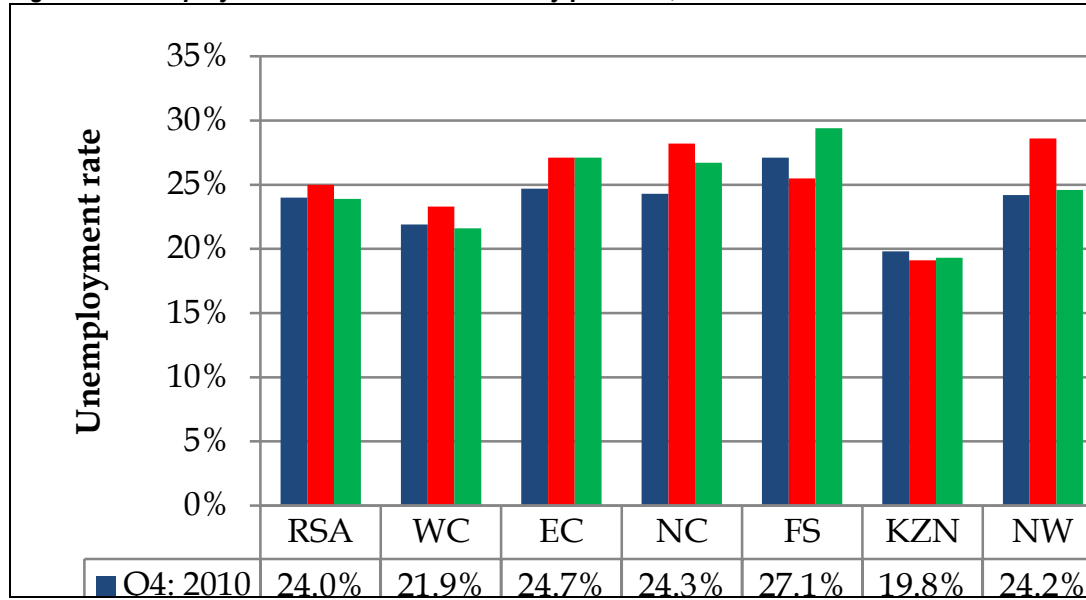
## 5.4 Unemployment

According to Statistics South Africa's Quarterly Labour Force Survey (QLFS), the unemployment rate in Mpumalanga was 27.7% at the end of the fourth quarter of 2011, and was lower than the 28.7% recorded at the end of the fourth quarter of 2010 (Figure 10). This was, however, still higher than the national average of 23.9% at the end of the fourth quarter of 2011. Mpumalanga recorded the second highest unemployment rate among the nine provinces behind Free State (at 29.4%). The Province was one of five provinces where the unemployment rate declined from the end of the third quarter of 2011 to the end of the fourth quarter of 2011.

The majority of Mpumalanga's unemployed at the end of the fourth quarter of 2011 was female with some 192 700 individuals or 54.5% of the provincial total number of the unemployed. This was higher than the 53.1% recorded at the end of the fourth quarter of 2010. The balance (45.5%) of the unemployed at the end of the fourth quarter of 2011 was males, which was lower than the 46.9% recorded at the end of the fourth quarter of 2010.



**Figure 3: Unemployment rate for South Africa by province, 2010-2011**



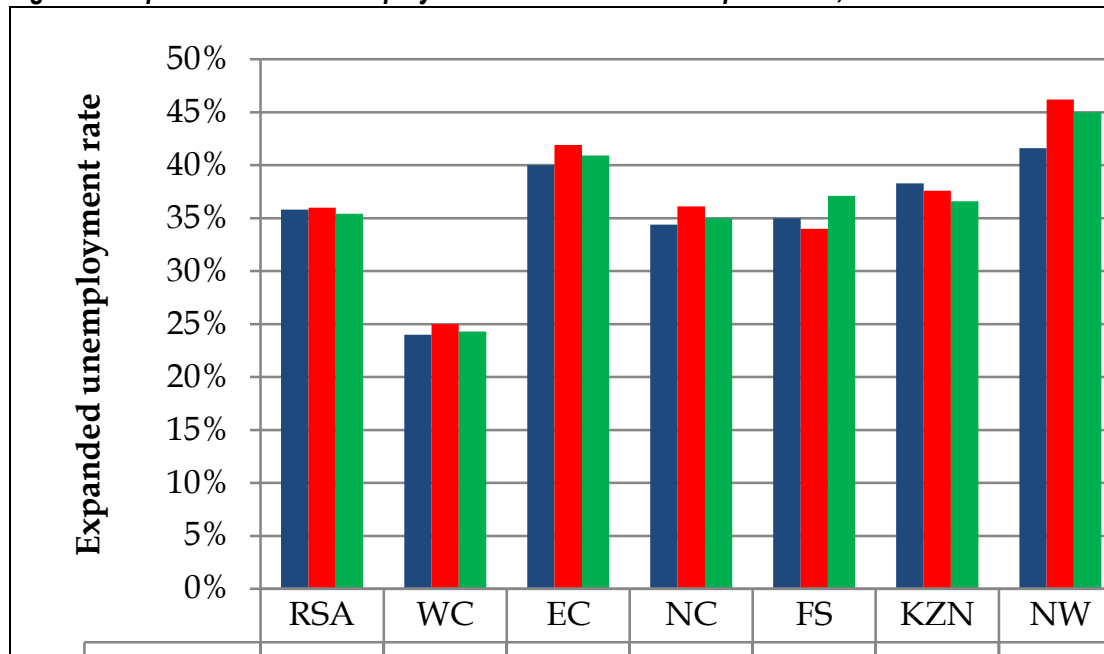
Source: Statistics South Africa – QLFS, 2012

### Expanded definition of unemployment

The expanded unemployment rate takes into account everybody who was available for work, even if they did not search for work. In essence, it includes all persons who are unemployed according to the official definition, plus part of the inactive population (according to official definition) who indicated that they were available, regardless of the reason they gave for not looking for work.

Figure 4 shows that South Africa’s expanded unemployment rate was recorded at 35.8% at the end of the fourth quarter of 2010, and subsequently decreased to 35.4% at the end of the fourth quarter of 2011. Mpumalanga’s expanded unemployment rate was 44.3% at the end of the fourth quarter of 2010, which was substantially higher than the national average. It decreased to 42.8% at the end of the fourth quarter of 2011, whilst remaining higher than the national figure. The expanded unemployment rate for the Province was the third highest among the nine provinces. It is notable how much higher the expanded unemployment rate of Limpopo (44.7%) and KwaZulu-Natal (36.6%) is than their respective strict unemployment rates.

**Figure 4: Expanded rate of unemployment in South Africa and provinces, 2010-2011**



### 5.5 Poverty

In 2010, Mpumalanga's poverty rate of 45.6% was higher than the national rate of 39.9% (refer to figure 29), and was the fifth lowest among the nine provinces. It was estimated that 1.72 million of Mpumalanga's citizens lived in households with an income less than the poverty income. Over the 14-year period from 1996 to 2010, the poverty rate in Mpumalanga remained constant, whereas the national poverty rate improved (decreased) by 0.7%.

Among the three districts, both Ehlanzeni (49.1%) and Gert Sibande (49.2%) registered poverty rates above the provincial level in 2010, whilst Nkangala recorded the lowest rate of 37.6%. Nkangala, with 429 800 people living below the poverty income in 2010, had the lowest number of people in poverty in the Province and Ehlanzeni with 766 500 being the highest. According to calculations, the poverty rate in Gert Sibande increased from 43.6% in 1996 to 49.2% in 2010 – the only district where the poverty rate did not decrease over the 14-year period.

In 2010, Mpumalanga recorded a Human Development Index (HDI) score of 0.52, which is a slight improvement from the level it achieved in 1996 (0.50). The province's HDI level was consistently lower than the national figure over the 14-year period. Of particular concern is that the provincial HDI level, after increasing between 1996 and 2001, stagnated from 2001 to 2010 (refer to table 3). The Province also recorded the joint second lowest HDI level among the nine provinces in 2010.

Of the three districts in the province, Nkangala recorded the highest HDI level of 0.56 in 2010, Ehlanzeni the lowest at 0.49 and Gert Sibande equal to the provincial level at 0.52.

**Table 3: HDI figures for South Africa, Mpumalanga, districts & CRDP municipal areas, 1996-2010**

Region	1996	2001	2006	2010
South Africa	0.56	0.58	0.57	0.58
Mpumalanga	0.50	0.52	0.52	0.52
Gert Sibande	0.51	0.53	0.52	0.52
Nkangala	0.54	0.56	0.56	0.56
Ehlanzeni	0.46	0.48	0.49	0.49

Source: IHS Global Insight – ReX, November 2011

When the HDI levels of the various population groups in Mpumalanga are analysed, it is evident that the White population recorded the highest HDI level of 0.86 in 2010. This was followed by the Asians and Coloureds followed at 0.74 and 0.62, respectively. The Africans population registered the lowest HDI level of 0.47 (refer to table 4).

**Table 4: HDI by population group in Mpumalanga, 1996-2010**

Population group	1996	2001	2006	2010
African	0.44	0.46	0.47	0.47
White	0.85	0.87	0.85	0.86
Coloured	0.61	0.64	0.62	0.62
Asian	0.73	0.75	0.74	0.74
<b>Total</b>	<b>0.50</b>	<b>0.52</b>	<b>0.52</b>	<b>0.52</b>

Source: IHS Global Insight – ReX, November 2011

## 5.6 Inequality

South Africa has one of the highest imbalanced income distributions in the world. The national Gini-coefficient was calculated to be between 0.649 and 0.702 in 2009 depending on the data source (refer to table 5). Since 1995, the national level has deteriorated from between 0.640 and 0.674 to the current level of 0.642 in 2010. The national government, through its outcome approach, has targeted the national Gini-coefficient to improve to 0.59 by 2014. It is evident from table 5 that the provincial income distribution (between 0.644 and 0.680 in 2009), followed the national scenario has become more unequal from 1996 to 2009. It appears the national and the provincial income inequality became less unequal in 2010, with respective levels of 0.642 and 0.639 estimated by IHS Global Insight. In 2010, Gert Sibande registered the highest Gini-coefficient of 0.649 in Mpumalanga, whereas Ehlanzeni (0.616) recorded a lower level of inequality.

**Table 5: Gini-coefficient measurements for South Africa and Mpumalanga, 1995-2010**

Measurement source	1995	1996	2000	2005	2008	2009	2010
<b>South Africa</b>							
IES <sup>1</sup>	0.640	-	0.680	0.690	0.679	0.679	-
AMPS <sup>2</sup>	0.674	0.678	0.682	0.683	0.666	-	-
GHS Income	-	-	-	0.712	-	0.702	-
GHS Expenditure	-	-	-	0.686	-	0.683	-
ReX	-	0.622	0.651	0.669	0.659	0.649	0.642
<b>Mpumalanga</b>							
NIDS <sup>3</sup> Income	-	-	-	-	-	0.680	-
NIDS Expenditure	-	-	-	-	-	0.650	-
ReX	-	0.605	0.647	0.665	0.653	0.644	0.639

Sources: Presidency – Development Indicators, 2010 & IHS Global Insight – ReX, November 2011

## 5.7 Education Profile

Despite Government’s objective to improve the quality and levels of educational outcomes in the schooling system, the investment in human capital are not yet bearing the appropriate results. Mpumalanga’s learner results in the Annual National Assessments of 2011 were below the national average scores and the lowest among all provinces in all four categories.

Table 6 below compares the Grade 12 pass rates among the various provinces from 2003 to 2011. The national pass rate of matriculants increased from 67% in 2010 to 70.2% in 2011. The pass rate of Mpumalanga also increased by 8% from 56.8% in 2010 to 64.8% in 2011. Mpumalanga showed the largest improvement between 2010 and 2011, however, the provincial matric pass rate was still the third lowest of the nine provinces in 2011.

Ehlanzeni registered the top Grade 12 pass rate in 2011 of 72.1% and Bohlabela the lowest at 52.7% whereas Gert Sibande (65.4%) and Nkangala (67.9%) recorded higher pass rates than the provincial average. Among the four education districts, Bohlabela recorded a 10% improvement - the highest improvement between 2010 and 2011. Figure 5 show the results per municipality.

<sup>1</sup> Income and Expenditure Survey conducted by Statistics South Africa

<sup>2</sup> All Media and Products Survey conducted by South African Advertising Research Foundation

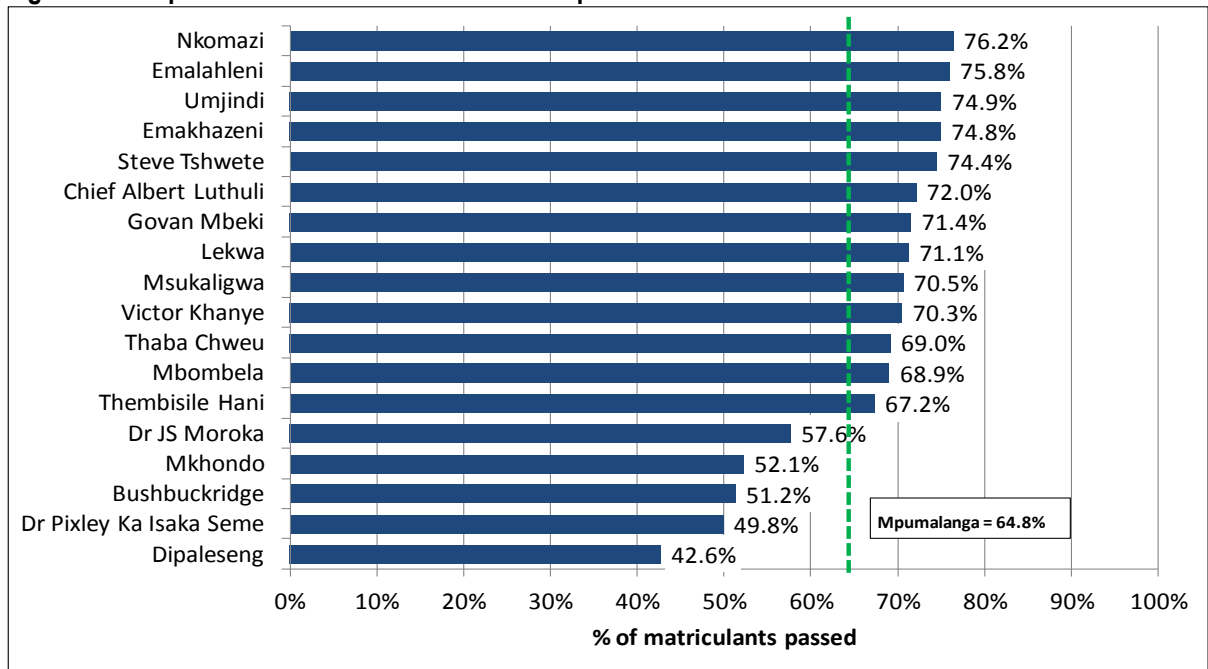
<sup>3</sup> National Income Dynamics Study conducted by University of Cape Town

**Table 6: Comparative Grade 12 results for South Africa and provinces, 2003-2011**

Province	2003 % Pass rate	2004 % Pass rate	2005 % Pass rate	2006 % Pass rate	2007 % Pass rate	2008 % Pass rate	2009 % Pass rate	2010 % Pass rate	2011 % Pass rate
EC	60.0	53.5	56.7	59.3	57.1	50.6	51.0	58.3	58.1
FS	80.0	78.7	77.8	72.2	70.5	71.6	69.4	70.7	75.7
GP	81.5	76.8	74.9	78.3	74.6	76.3	71.8	78.6	81.1
KZN	77.2	74.0	70.5	65.7	63.8	57.2	61.1	70.7	68.1
LP	70.0	70.6	64.9	55.7	58.0	54.7	48.9	57.9	63.9
MP	<b>58.2</b>	<b>61.8</b>	<b>58.6</b>	<b>65.3</b>	<b>60.7</b>	<b>51.8</b>	<b>47.9</b>	<b>56.8</b>	<b>64.8</b>
NC	90.7	83.4	78.9	76.8	70.3	72.7	61.3	72.3	77.8
NW	70.5	64.9	63.0	67.0	67.2	67.9	67.5	75.7	68.8
WC	87.1	85.0	84.4	83.7	80.0	78.7	75.7	76.8	82.9
National	<b>73.3</b>	<b>70.7</b>	<b>68.3</b>	<b>66.6</b>	<b>65.2</b>	<b>62.2</b>	<b>60.6</b>	<b>67.8</b>	<b>70.2</b>

Source: National & Provincial Department of Education, 2011

**Figure 5: Comparative Grade 12 results for Municipalities**



Source: Provincial Department of Education

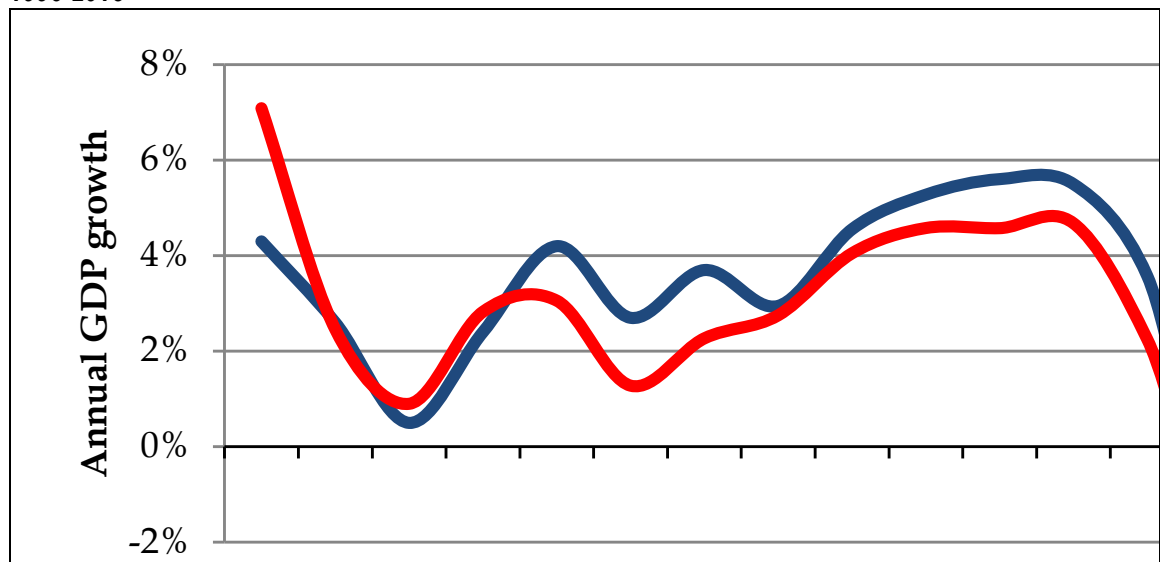
## 5.8 Economic sectors and their respective performance

### GDP growth

In 2010, Mpumalanga contributed some R187.4 billion in current prices and R117.4 billion at constant 2005 prices to the GDP of South Africa. Mpumalanga's contribution was the joint fifth largest among the nine provinces, and registered a marginal decrease from a 6.9% contribution in 1996, to 6.4% in 2010. At the start of the period under review, the economic growth of the province, as measured by real GDP growth, was higher than the national rate. However, the provincial economy has not outperformed the national economy in terms of GDP growth since 1999 (refer to figure 6).

The average annual growth rate for the country and Mpumalanga over the period 1996 to 2010 was 3.2% and 2.6% respectively. Consensus expectations are that the South African and Mpumalanga economies will register growth of 3.1% in 2011. Current doubts about the global economy have resulted in downgraded growth forecasts in 2012 for South Africa and Mpumalanga, respectively to 2.8%. The annual average growth rates for South Africa and Mpumalanga, from 2010 to 2015, is forecasted at 3.7% and 3.6% respectively (refer to table 7). According to expectations, Gert Sibande is expected to record annual average growth from 2010-2015 of 3.9%, followed by Nkangala (3.5%) and Ehlanzeni (3.5%).

**Figure 6: GDP (constant 2005 prices) growth rates for South Africa and Mpumalanga, 1996-2015**



Sources: Statistics South Africa – GDP Q3, 2011 (Historic growth)

IHS Global Insight - ReX, January 2011 (Future growth)

**Table 7: Historic and forecasted GDP growth rates for SA, Mpumalanga and districts, 1996-2015**

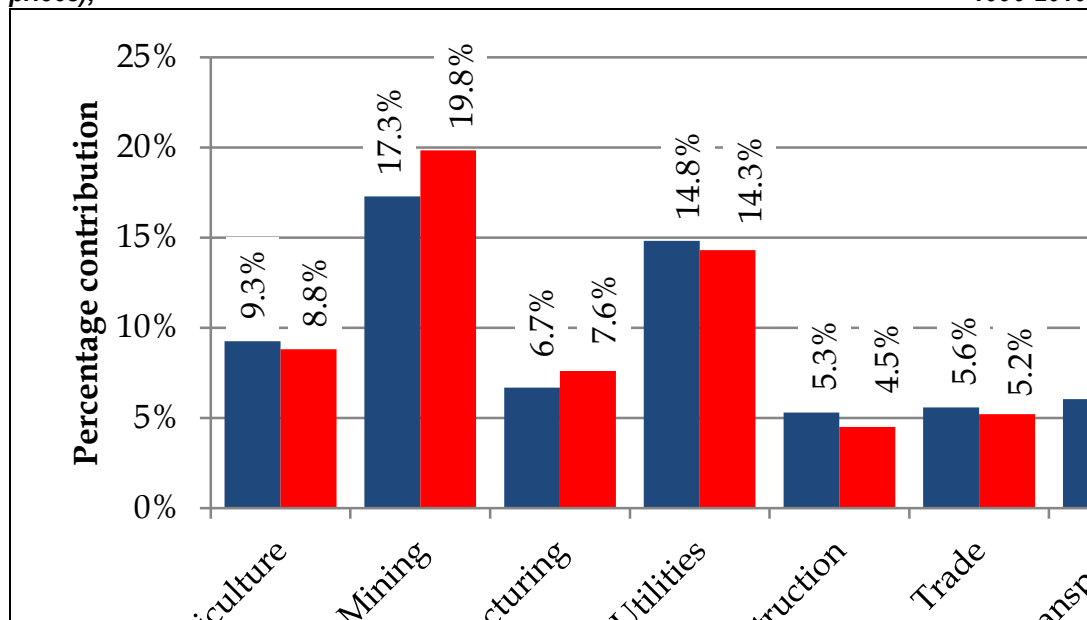
Period	National	Mpumalanga	Gert Sibande	Nkangala	Ehlanzeni
1996-2010	3.2%	2.6%	-	-	-
2010	2.9%	2.5%	-	-	-
2011	3.1%	3.1%	4.9%	2.3%	2.3%
2012	2.8%	2.8%	2.5%	3.1%	2.8%
2013	4.0%	3.7%	3.3%	3.8%	3.8%
2014	4.3%	4.2%	4.5%	4.0%	4.1%
2015	4.5%	4.3%	4.2%	4.3%	4.3%
2010-2015	3.7%	3.6%	3.9%	3.5%	3.5%

Sources: Statistics South Africa – GDP Q3, 2011 (Historic growth)

IHS Global Insight - ReX, January 2011 (Future growth)

Figure 7 depicts the contribution of each of the economic industries in Mpumalanga to the corresponding national industry in 1996 and 2010. In 2010, the province was a substantial role-player in the national mining and utilities (mainly electricity) industries, with respective shares of 19.8% and 14.3%. It is noticeable that the contribution by mining (from 17.3% to 19.8%), manufacturing (from 6.7% to 7.6%) and community services (from 4.7% to 4.8%) increased between 1996 and 2010, whilst the other industries' contribution to the national figure, declined.

**Figure 7: Mpumalanga's contribution to South Africa's industries (GDP at constant 2005 prices), 1996-2010**



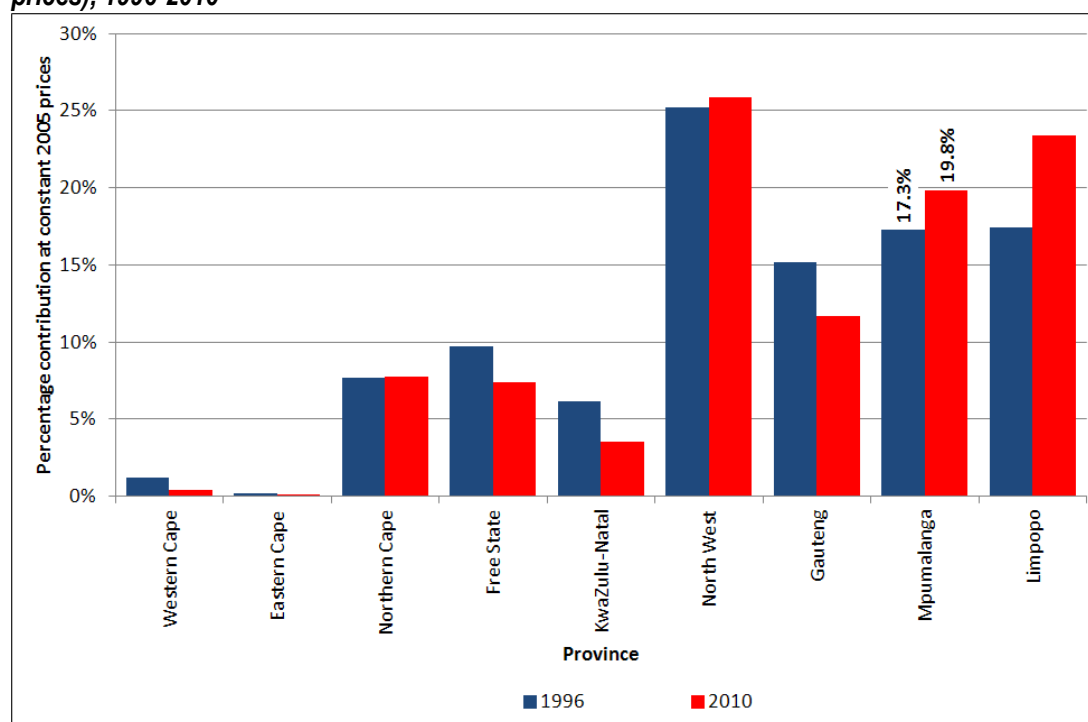
Sources: Statistics South Africa – GDP Q3, 2011

## 6. Synopsis of the Mining Sector

Mining in South Africa is contributing significantly to the economic growth and economic development of the country. South Africa is the world leader in a wide range of minerals and mineral products. Historically, mining was the catalyst that turned South Africa into an industrial nation. To this day, the mining sector remains a major factor in the national economy, with half a million people directly employed by mines and up to five million deriving from the industry or its related downstream component.

In 2010, Mpumalanga contributed R44.2 billion in current prices and R19.7 billion at constant 2005 prices to the mining industry of South Africa. Mpumalanga's contribution was the third largest among the nine provinces, and registered an increased contribution from 17.3% in 1996 to 19.8% in 2010. The following figure displays the contributions by the various provinces to South Africa's mining industry in 1996 and 2010.

**Figure 8: Contribution by provinces to South Africa's mining industry (GDP at constant 2005 prices), 1996-2010**



Source: Statistics South Africa – GDP Q3, 2011

Mpumalanga is endowed with precious metals (platinum, gold), precious stones (diamond, beryl, emerald), non-ferrous and base metals (copper, zinc, lead, cobalt, molybdenum, tungsten, tin), ferrous and related metals (chrome, iron, manganese, nickel, silicon, titanium, vanadium), energy minerals (coal, torbanite, uranium) and various industrial minerals (aggregate, alumino-silicates, asbestos, clay, corundum, dimension stone, fluorspar, graphite, limestone, magnesite, silica, talc).



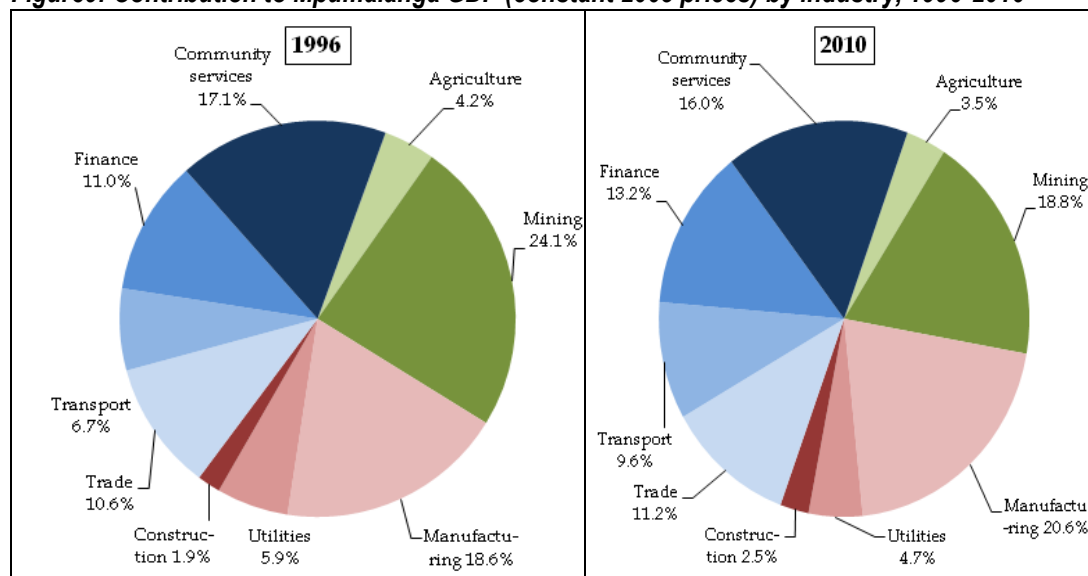
This diversity of resources has contributed to the emergence of significant downstream linkages, most notably, to the establishment of heavy industrial activities such as power stations, steelmaking operations, paper mills, and chemical plants. Such industries have been critical in facilitating additional linkage development by attracting related and supporting industries and hence, contributing to a greater role of secondary and tertiary activities in the Province.

These resources have provided the critical foundation upon which the growth and development of the economy has evolved largely through the various upstream, downstream and sidestream linkages which their exploitation and beneficiation have given rise to. Expanding and intensifying the development of such linkages is a necessary precondition for ensuring the long-term sustainability of current activities, as well as ensuring that urgent national and provincial growth and development goals are met.

Mpumalanga province is home to the richest coal fields in Southern Africa, and coal is by far the single largest product in volume and value terms, and its single largest export. There are many other mineral products found in the province, including notable ones such as gold, chrome, Dimension Stone, and so forth.

In 2010, the three largest contributors to the provincial economy were manufacturing (20.6%), mining (18.8%) and community services (16.0%). This was slightly different from 1996, when mining (24.1%) was the leading industry followed by manufacturing (18.6%) and community services (17.1%). Figure 9 displays the share of each economic industry in the provincial economy in 1996 and 2010.

**Figure9: Contribution to Mpumalanga GDP (constant 2005 prices) by industry, 1996-2010**



Source: Statistics South Africa – GDP Q3, 2011

The manufacturing industry dominated the district economy of Gert Sibande in 2010 with a 34.0%. In 2010, **mining** contributed 15.1% to Gert Sibande's economy which was lower than the 26.9% contribution in 1996. Mining activities dominated the Nkangala economy as it added 30.7% to the district's economy in 2010. The largest contributing industry in Ehlanzeni in 2010 was community services with a share of 24.9%. In 2010, mining contributed 5.2% to Ehlanzeni's economy, which was lower than the 11.4% contribution in 1996. The following table displays the share of each economic industry in the economies of the three (3) districts in 1996 and 2010.

**Table 8: Contribution to districts' GVA (constant 2005 prices) by industry, 1996-2010**

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2010	1996	2010	1996	2010
Agriculture	5.4%	4.7%	2.6%	2.0%	4.7%	4.2%
<b>Mining</b>	<b>26.9%</b>	<b>15.1%</b>	<b>30.6%</b>	<b>30.7%</b>	<b>11.4%</b>	<b>5.2%</b>
Manufacturing	24.5%	34.0%	15.2%	13.6%	15.4%	14.5%
Utilities	4.8%	3.8%	10.9%	8.3%	0.7%	0.5%
Construction	1.6%	2.1%	1.6%	2.0%	3.0%	3.7%
Trade	9.0%	9.2%	7.8%	8.7%	16.6%	18.4%
Transport	5.6%	7.3%	5.8%	8.6%	8.5%	12.8%
Finance	9.8%	11.5%	10.5%	12.7%	13.1%	16.0%
Community services	12.4%	12.2%	14.9%	13.4%	26.6%	24.9%
<b>Total industries</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: IHS Global Insight – ReX, April 2012

## 6.1 Labour contribution of the Sector

Mpumalanga's contribution to employment was 67 000 jobs to South Africa's mining industry employment at the end of the second quarter of 2012. Its contribution was the third largest among the nine provinces, and registered an increased contribution from 18.4% to 18.7% between the second quarters of 2011 and 2012, which reflect a positive year-on-year change. The following figure displays the contributions by the various Provinces to South Africa's mining industry employment at the end of the second quarters of 2011 and 2012, respectively.

**Table 8: Mpumalanga contribution to employment by Industry 2011-2012**

Sector	Q1:2011	Q1:2012	Q2:2012	Q to Q Change	Yr to Yr Change
Agriculture	78000	83000	85000	2000	7000
<b>Mining</b>	<b>52000</b>	<b>64000</b>	<b>67000</b>	<b>3000</b>	<b>15000</b>
Manufacturing	75000	81000	76000	-5000	1000
Utilities	23000	24000	26000	2000	3000
Construction	69000	64000	76000	12000	7000
Trade	217000	228000	249000	21000	32000
Transport	39000	48000	56000	8000	17000
Finance	82000	79000	85000	6000	3000
Community services	164000	149000	148000	-100	-16000
Private Households	87000	94000	86000	-8000	-1000
<b>Total industries</b>	<b>886000</b>	<b>914000</b>	<b>954000</b>	<b>40000</b>	<b>68000</b>

Sources: Statistics South Africa – 2012

## 7. Areas of cooperation and collaboration

As alluded to above in paragraph 3, the Lekgotla is expected to, among other things, to agree on areas of cooperation and where possible, agree on concrete projects that must be pursued – projects that must emanate from the identified areas of cooperation. After government has consulted extensively with business, labour and some community-based organisations, there was consensus that the following key areas of work have to be given special focus, if we are to expand the mining sector as guided by *the MEGDP*.

The following are the four (4) broad key areas of focus that were identified for discussion in the Lekgotla, namely:

- Human capital development;
- Enterprise development;
- Urban Renewal; and
- Sustainable development and the environment.

Now, let us look at the key focus areas individually.

### 7.1 Human Capital Development

The *National Development Plan (NDP)* sees education and training as one of key priorities for growth and development, including the achievement of the *2030 Vision*. *The MEGDP* also shares the same sentiments.

Like the *NDP*, the *MEGDP* also identifies three key areas that require attention, namely, schooling, further education and training, and higher education.

The framework emphasizes, among other things:

- The need to improve access and quality of Early Childhood Development work as a necessary foundation for learning at school;
- The need to improve performance in literacy, mathematics and science so that the uptake of learners in the critical fields of study at tertiary or institutions for Further Education and Training could be increased. This must be supported by properly qualified, professional, competent and committed educators and effective management of schools, including addressing the school infrastructure backlog;
- The need to improve the quality of FETs on skills development and also link such training to workplaces and employment opportunities. The institutions of higher learning must focus on increasing output in the study fields of, *inter alia*, engineering; medicine; technology; economics and accounting degrees so that the skills-base could be expanded.

## **7.2 Enterprise development**

With regard to enterprise development, the *MEGDP* argues that the building and development of more small scale enterprises and cooperatives will assist the Province in its endeavours to grow an inclusive economy.

Mining is identified as one of the sectors that have the potential for expansion, and such growth presents more opportunities for SMMEs and Cooperatives, particularly in upstream, downstream and side-stream processes.

While these opportunities are appreciated, however, past experiences and close observations have shown that entry to mining companies is still an enormous challenge. This could be attributed to, in the main, the lack of requisite skills, financial support, mentorship and the necessary infrastructure to conduct business by these small scale enterprises.

Therefore, for the mining sector to enhance its contribution towards enterprise and cooperatives development, some targeted interventions will be required, particularly in the key areas alluded to above.

## **7.3 Urban renewal**

Historically, the mining sector in South Africa contributed not only to economic growth and job creation, but also acted as the major stimulus for industrialisation and urbanisation. Migration was the main feature that contributed to urbanisation. However, the emergence of new towns around mining areas assumed different levels of development.

Overtime, as some of the urban areas grew into cities, the majority of the small towns were left at the lowest rung of the developmental ladder. This resulted in many of those areas exposed to decay and dilapidation. The labour centres, of which mainly were, and still are your rural areas, were also left with their own share of challenges. The major cause of this spatial disparity could be attributed to the non-linkage of your mining operations and your labour centres.

Looking at the Mpumalanga Province, particularly around the Highveld area, this picture holds the truth. Towns such as Emalahleni, Steve Tshwete, Ogies, Hendrina, Secunda and Bethal, just to mention a few, are currently confronted by challenges caused largely, by mining operations taking place adjacent to these town. In the main, these towns are faced with challenges of ageing infrastructure, uncontrollable mushrooming of informal settlements, water shortages and collapsed sanitation systems, including poor transport networks.

Therefore, there will be a need that all stakeholders take a different approach in dealing with the developmental challenges facing these towns. As a collective:

- We need to rejuvenate these towns, **prioritising infrastructure development** due to its potential to achieve the objectives of the MEGDP.
- We need to relook at the whole issue of **the Social Labour Plans** with a view of coming up with mechanisms that can have huge impact on communities living adjacent to mining operations and other labour centres.

#### 7.4 Sustainable development and the environment

While the mining sector is crucial for economic growth, job creation and development, however, it also has negative impact on the environment, particularly on land, air and underground water.

Therefore, the concept of sustainability has to underpin our work in the mining industry.

- We need to continue striking a balance between economic growth on the one hand, and the preservation of the environment on the other for future generations to come.
- We need to enhance our efforts to rehabilitate closed mines, address the issues of air pollution and reclamation of underground water.

#### 7.5 Proposed projects for Partnership

KEY PARTNERSHIP AREA	PROJECT
1. Human Capital Development	<ul style="list-style-type: none"> <li>• <b>Maths, science and Technology Academy</b> (to improve the capacity of educators in these learning areas and increase the uptake of learners in maths and science based degrees).</li> <li>• <b>Bursaries</b> to assist high performing learners in Maths and Science, particularly from previously disadvantaged</li> </ul>

KEY PARTNERSHIP AREA	PROJECT
	<ul style="list-style-type: none"> <li>• <b>High Tech Centre of Excellency</b> (To increase the skills-base in the province, prioritising artisan and agricultural skills)</li> <li>• <b>Mpumalanga University</b> ( Provide support to the establishment of the Mpumalanga University)</li> </ul>
2. <b>Enterprise development</b>	<ul style="list-style-type: none"> <li>• <b>Industrial Park</b> ( To promote SMMSs and Cooperatives development)</li> <li>• <b>Procurement</b> ( To enhance targeted procurement to promote local enterprises)</li> </ul>
3. <b>Urban Renewal</b>	<ul style="list-style-type: none"> <li>• <b>Rejuvenation of mining towns</b> ( to promote basic, social and economic infrastructure development in the renewal process in the context of sustainable Human Settlements)</li> <li>• <b>Coal Haulage network</b> (To contribute towards upgrading and maintenance of the coal haulage network)</li> <li>• <b>Social Labour Plans</b> (to realign SLPs to support both urban renewal initiatives and labour supply centres)</li> </ul>
4. <b>Sustainable development and environment</b>	<ul style="list-style-type: none"> <li>• <b>Mine rehabilitation</b> ( to rehabilitate land for productive use, priorities agriculture activities)</li> <li>• <b>Water reclamation</b> (to purify underground water for community)</li> </ul>

## 8. Implementation Approach

### 8.1 Proposed Institutional Arrangements

The success of the summit will depend on effective institutional coordination in the implementation of projects covering all agreed areas of collaboration. The following broad framework of institutional coordination and implementation mechanisms is proposed:

### 8.2 Establishment of the Projects Steering Committee

It is proposed that government and the mining industry assign lead institutions to jointly coordinate and lead each specific area of cooperation. For example, government could assign the Department of Education to lead the area of human capital development and ensure that all government players and stakeholders are effectively coordinated during the implementation process. On the other hand, the mining industry could assign *BHP Billiton* to jointly lead this work stream and ensure that all industry players are effectively coordinated to pool resources towards human capital development.

The Projects Steering Committee will be constituted by:

- MECs designated to coordinate and lead specific areas cooperation;

- Senior Mining Industry Executives designated to lead and coordinate specific areas of cooperation;
- District and Local Executive Mayors in municipalities where projects are implemented;
- Representative designated by Labour;
- It will be co-chaired by the MEC for Economic Development, Environment and Tourism and the designated representative of the mining sector;

The Steering Committee will meet quarterly to review implementation progress, and its responsibilities include:

- Approval of detailed project plans and budgets for each of the projects that have been agreed upon by all parties;
- Monitoring and evaluation of implementation progress to ensure that any bottlenecks and challenges impeding implementation are resolved; and
- Ensuring that project implementation teams are established and resourced to drive the implementation progress.

### **8.3 Project Implementation Teams**

- The Projects Steering is expected to establish dedicated project implementation teams drawn from both government and the mining sector to drive the implementation of prioritised projects;
- Both government and the mining sector will provide names of dedicated project leaders for each of the projects across all the agreed areas of collaboration;
- Project Implementation teams will, in the main, be responsible for detailed project scoping, planning and implementation; and
- Project Implementation Team will ensure that detailed project plans and implementation progress reports are submitted for approval and ratification by the Projects Steering Committee.

### **8.4 Secretariat**

It is proposed that the Department of Economic Development, Environment and Tourism, Office of the Premier and the Chamber of Mines must each assign two (2) officials to constitute the secretariat for the Projects Steering Committee. The Secretariat will be responsible for:

- The coordination meetings of the Projects Steering Committee and Project Implementation Teams, including all logistical arrangements in preparation for the sitting of meetings;
- Preparing documentation for meetings. Government and the mining sector will make provision for the funding of secretariat services.

### **8.5 Implementation Progress Review Summits**

It is proposed that summits to review implementation progress on all agreed areas of cooperation must be convened twice a year (every six months) by the Minister of Mineral Resources and the Premier.

## **9. Conclusion**

It is hoped that this Lekgotla will find better mechanisms to expand the mining sector, gearing it towards improving the standard of living of all the people in the Province. Fundamentally, it is the Lekgotla that must come closer to the challenges facing the communities adjacent to mining operations and labour supplying centres.

***“Working together, we can do more to create jobs, protect natural resources from pollution and degradation, and improve community living conditions.”***

**#END#**

*the dedet/October 2012*