

# Mining CSI

Local Economic Developments by Mines

Volume 6 • 2013



## SHANDUKA

Adopt-A-School Foundation  
Strives for access to quality  
education for SA Youth

## MINING LEKGOTLA

2013 Organizing Team



*Khanyisile Kweyama, Dr Thuthula Balfour-Kaipa, Erisa Martin & Sharmayne Venkatsamy*

### ALSO IN THIS ISSUE:

**ANGLOAMERICAN**, CEO Mark Cutifani echoes a positive voice for SA Mining Industry

**MINING LEKGOTLA 2013** A challenging debate for Mining, Communities, Government & Labour

**KGALEMA MOTLANTHE**, Deputy President delivers opening address

**CHAMBER OF MINES** Facts and Figures

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Once a year all the major role players in the mining industry come together with the aim of encouraging open and honest dialogue about issues in South African mining. This Mining Lekgotla, a three-day event (27-29 August 2013), is key to cooperation of all constituencies in the industry. This edition of Mining CSI will pay special attention to the events that took place during those three days.

The Adopt-A-School Foundation is hosting another fundraiser on 26 October 2013 at the Sandton Convention Centre. This Back-to-School event aims to promote access to quality education for South Africa's youth. Partnering with the Adopt-A-School Foundation involves a wide range of benefits such as tax exemption for donations, as well as acknowledgement as donor on their website, at events and on all marketing materials. Most importantly, though, this is about changing lives through sustainable improvement of basic education. Read more about the Adopt-A-School Foundation on pages 6 to 9 and learn how your company can become involved.

Back to the Mining Lekgotla, Mark Cutifani, CEO of Anglo American and President of the South African Chamber of Mines delivered a key note address.



Although not blind for the challenges faced by the mining industry, Mark has outlined some of the greatest achievements of the industry in terms of social and economic development of South Africa.

Born in Australia, Mark also praised the South African government and citizens for the development that took place during the past twenty years of democracy. However, he also acknowledged the challenges of the industry to transform sufficiently but stressed that all South Africans should work together to build this beautiful country. Read some excerpts of his speech on page 4. His full speech can also be found at [www.mininglekgotla.co.za](http://www.mininglekgotla.co.za)

The opening address of the Lekgotla was delivered by Deputy President, Kgalema Motlanthe. In his speech he discussed the way forward for the transformation of the South African Mining Industry. Read more about his speech on page 12. Faith Bikani, Acting Chairperson of Parliament's Mineral Resources Portfolio Committee tackles the challenges facing the mining Industry in terms of the April 2014 deadline for compliance with the MPRDA, 2002. Read more on page 18.

Also meet the Department of Mineral Resources Team, Minister Susan Shabangu, Deputy Minister, Godfrey Oliphant, Thibedi Ramontja, Director General and Regional Managers and Acting Managers. Their contact details can be found on page 20.

Remember to book your seat at the Mining Indaba on 3 to 6 February 2014 in Cape Town, South Africa. At this event you will find unparalleled networking opportunities, a week of deal-making and discovery unlike any other in any calendar year. If you are in the mining industry, you want to be there.

Enjoy the magazine!

*Moses Sibiya*

Managing Editor

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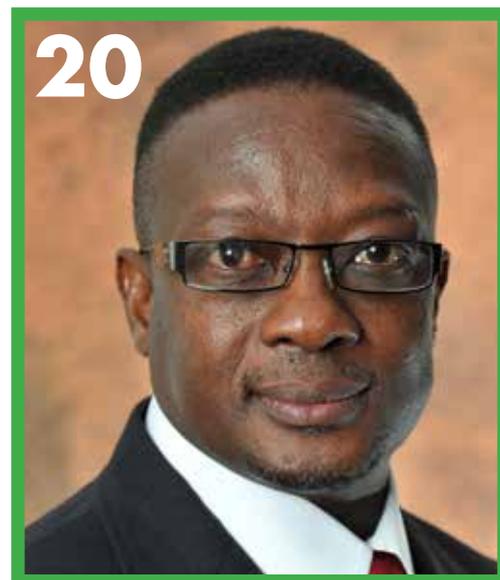
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Mark Cutifani, CEO Anglo American & CoMSA President

**D**uring the second annual Mining Lekgotla, Anglo American CEO, Mark Cutifani, delivered a passionate message of hope for the mining industry, but also to South Africa as a country. Although the complete speech can be found on Anglo American's web site, the following excerpts are particularly interesting:

Socio-Economic achievements since 1994 have been remarkable:

- Since then, the government has built over three million houses for South Africans, providing shelter for over 13 million people.
- Then, only 62% of households had access to clean drinking water, today 93% enjoy access to this basic necessity.
- Then, only 36% of South Africans had access to electricity – today 84% share the benefits of centrally provided power. Today the majority of South African people are provided basic services in water and electricity.

However, the mining industry is under threat:

From 2007 to January 2013, the JSE all-share index rose by around 60% and outperformed the New York Stock Exchange. Over the same period, 10% lower mining production and poisonous investor perceptions, weighed on the mining index like a deep sea anchor. The mining index was flat, in nominal terms, over the same period, representing real value destruction of more than 30%. Let me say that again, the South African mining industry has experienced absolute value destruction in excess of 30%, while other sectors have thrived and grown in our new democracy. So, the simple question has to be asked – why would anyone consider investing in a mine in South Africa? And the question that goes with it – does South Africa actually want a mining industry?

Let's look at what mining means for South Africa -it is responsible for 19% of all economic activity in South Africa. The products of our industry support another 25% of industrial and other economic activities. The mining industry may seem old-fashioned to some, but it plays an important role in modern life. Everything we depend on is either made from, or relies on minerals, for its production. So considering the various mining applications and its subsequent downstream beneficiation, the sector's impact is far bigger than people may think.

This is reason for concern, because South Africa's mining industry is a key (if not the most important) part of the South African economy:

- About 99% of SA's cement is manufactured locally from locally mined products.
- 30% of SA's liquid fuels are produced from locally mined coal.
- 94% of SA's electricity is produced from locally mined coal.
- Most of our domestic chemicals, fertilisers, waxes, polymers, plastics, etc., are fabricated using locally mined minerals and coal.
- Overall, another R300 billion in sales value and >200 000 jobs are created in the downstream beneficiation industries. Extra value is being

created where the commercial opportunities exist, especially for communities in neighbouring mining operations.

- If we take our direct economic impacts and then we add the impact of materials we provide other industries; we drive 45% of the world's economic activity.

In terms of the contribution of the mining toward local economic development and CSI, Mr. Cutifani says:

The contribution of mining to community, enterprise and skills development is just as substantial. Our record in skills development in 2012, for example, included:

- Approximately R2 billion spent on Human Resource Development, and a further R330 million granted in scholarships and bursaries for that year. Of the R330 million, approximately 5,168 bursaries were awarded to non-employees.
- The top ten mining companies spent some R4,9 billion on "learnership programmes" and further R1,7 billion in ABET training.
- And, a further R7.4 billion was invested in artisans training and other people development initiatives.

### The Future of South Africa

About the future of South Africa and the mining industry, Mr. Cutifani says:

I cannot say it enough - we need stability to prosper. And if we prosper so does the country, so let's create a partnership. In fact, I think we already have the right starting point for that partnership - through the implementation of the National Development Plan.

Let the NDP be a living document, a map for change and engagement tool that brings us together to work for a common future. The mining industry will play its part, if we are given an opportunity to settle into an "investment rhythm" that comes from a stable and predictable regulatory regime. As the representation from the Fraser Institute opined, we need predictability, transparency and stability.

The target of doubling the size of the economy, to reduce unemployment to less than 6% and improving

income equality are commendable, but unattainable if we don't work together. As shown earlier, the mining industry moving from the current contraction to growing at better than 5% is a pre-requisite for success.

All industries, labour unions and government must work together within the context of this strategy to promote South Africa as an open, stable, transparent and investment friendly economy. Our safety tripartite experience provides a template for making this happen.

Finally, on the NDP, those groups that are opposing its embrace seem to struggle to come up with anything that looks like a national strategy for development. My message to these obstructionists, either come up with a better plan, or get out of the way of those South Africans that are trying to build a future for their children.

### A Final word

Mr. Cutifani ends his speech with the following words:

I have no doubt that South Africa can be a leader in Africa and the World. The only question I have is - do we have the courage to make the tough choices to take us there and do we have the love for the country that will allow us to put our personal interests aside to help build a country for all?

Ladies and gentlemen, the future of our children is in your hands, it is in our hands...and it is also in the hands of those that can do much damage. In the end, our future will be written by those that care enough to take a stand against those who lurk in the shadows. I hope you will join the great leaders of our country as they stand in the light and fight for a South Africa that was born by our Constitution.

Our children deserve nothing less than our most ardent courage and commitment to a future that is the New South Africa which our founding father dreamed of - let us make sure we can look them in the eyes and say we did not stand by and watch as their future was stolen from right in front of us.

Now is the time to act! ♦



# Adopt-a-School FOUNDATION

**A**ccess to quality education for South Africa's youth is an essential building block of the nation. The challenges facing education have negatively affected the quality of life of many South Africans. By partnering with the Adopt-a-School Foundation, many mining and manufacturing companies have heeded the call to provide access to quality education in the areas in which they operate.

Their contributions have made a lasting and sustainable difference in the education sector. By partnering with companies and other stakeholders, one is able to ensure that an environment conducive to teaching and learning is created.

The Adopt-a-School Foundation, a project of the Shanduka Foundation, was formed in 2002, and over

the last 11 years have mobilised the private sector to invest effectively in education. The key objective of the Adopt-a-School Foundation is to implement Whole School Development – a holistic model aimed at improving the academic, infrastructural, social and security environment in schools. There are 168 schools under the Foundation's adoption model.

The model of Whole School Development directs corporate social investment towards the development of education in disadvantaged schools across the country. By addressing the myriad of challenges faced by schools, there have been real improvements in the academic, infrastructural, social and security environments in the school communities.

### **Bodibe Village**

In 2009, the Adopt-a-School Foundation began working with the Lafarge Education Trust in Bodibe Village, North West Province. Through its model of Whole School Development significant and, importantly, sustainable improvements have been made, not only in the schools but in the surrounding communities.

Coordinated by the Adopt-a-School Foundation, a number of stakeholders have played a critical role in the success and longevity of these interventions. Some of these stakeholders include the Department of Basic Education, the Bodibe schools and the community, the Lafarge Education Trust and a number of NGOs and service providers. Through the facilitation of these relationships, the foundation is able to ensure that challenges and risks faced through the duration of the interventions are overcome. The Foundation was able to successfully engage all the stakeholders in the community and gain their buy-in. They were to see the benefits of such interventions not only for the school, but also for the community.

Over a thousand learners and over 200 educators have benefited from these focused interventions. Six hundred temporary jobs have been created in the local community and numerous SMMEs have benefited. The multifaceted model has seen executive leadership training for principals, and training in computer skills, language and literacy for educators. Environmental clubs have been set up and learners have benefited from

both eyesight testing and dental care programmes. One administration block, 16 classrooms and three ablution blocks have been built and six schools have been renovated. Four libraries, four computer centres and a science laboratory have been built, stocked and equipped. Soccer and netball leagues have been established and sports kits provided to all the schools.

Although much has been done, there is still work to do and together with its stakeholders, the foundation is committed to continued involvement in the community. Its impact has been tangible and it has become a recognised NGO in the education sector. The foundation has seen schools take ownership of the change they want to see. They have been empowered to continue to achieve and succeed. Matric pass rates have increased and there has been a noticeable impact on the self-esteem and motivation of both learners and educators.





of the Africa Foundation for Sustainable Development, plans to address the needs of this school on an incremental basis over the next 5 years.

An induction programme took place and involved a strategic planning and teambuilding programme for the School Governing Body (SGB), the School Management Team (SMT) and principals from the subsidiary schools. The aim of this programme is to make a significant improvement in school morale, planning and management skills. This initial programme will ensure that the school is empowered to sustain future projects and that the impact of these interventions is more meaningful.

An alarming 40% of Mozambican primary school learners do not progress to secondary school, as their parents do not have the means to cover the school fees, transport, schools books and uniforms. In response to this challenge, the Shanduka Group and Aggreko collaboration has committed to supporting these learners and will provide full bursaries to 50 top achieving learners.

The investment made in Escola Primaria Completa will impact on the teaching and learning environment in all the surrounding schools and improve the lives of the educators, who work very long hours under difficult conditions. Learners will be given the resources to excel and many will be provided with opportunities that will enable them to further their studies and in turn break the cycle of poverty in Ressano Garcia. Equipping the SGB and SMT with strategic planning skills will immediately benefit the management of the school which will, in turn, have a swift and positive impact on teaching and learning. The basic improvement in the school's infrastructure will not only create conducive learning environments but also empower local families with temporary job opportunities. This inclusive approach to the development of the school creates a deep sense of ownership by the community which will

### **Escola Primaria Completa, Mozambique**

The foundation's growth into Mozambique with the adoption of a primary school in Ressano Garcia took place in July 2012. The adoption is the result of a joint venture between the Shanduka Group and Aggreko, a UK-based interim power solutions specialist. This venture will see the development of an interim gas-fired power plant that will supply electricity to Eskom. The adoption project is an integral part of efforts to ensure the local community realises the sustained benefits from the power project.

To implement this critical corporate social investment, the Adopt-a-School Foundation and the Africa Foundation for Sustainable Development joined hands in a strategic partnership to bring Whole School Development to Escola Primaria Completa.

This school has 1400 learners and 5 subsidiary schools, all of which will benefit from the adoption. The Adopt-a-School Foundation, with the support



contribute to the sustainability of these interventions.

Through the strategic partnership with the Africa Foundation for Sustainable Development and in close collaboration with the local government, the school and the community; this programme will not only benefit the lives of the learners and educators in the school, but make a lasting impact on the education of future generations.

### **Sinqobile Primary School**

By partnering with the Adopt-a-School Foundation, many mining and manufacturing companies have heeded the call to provide access to quality education. One such example is the adoption and entire construction of Sinqobile Primary School. In 2006, Pan African Resources' subsidiary of Barberton Mines, in consultation with the Fairview Primary School Governing Body and Sinqobile community, identified the need for the construction of an entire new school. Adopt-a-School Foundation was approached to build the school, incorporating its Whole School Development model into the transformation of the local community. Sinqobile Primary School was officially opened in 2012. Located in the Sinqobile Township, which surrounds the Barberton Mines, the primary school provides education to 950 learners from the Sinqobile community.

The Foundation is responsible for managing this process from inception to completion. The first two phases of the project include 16 classrooms, a kitchen facility, a sports field, two ablution blocks and school furniture. This year, the third and last phase of the project began and will ultimately include the construction of a further eight classrooms, a multimedia block

(including a science laboratory, a computer laboratory and a library), a sports field and combination court, an administration block, a sick bay and parking facilities. Social and skills development interventions that have been implemented this year include educator training in the science curriculum, librarian training, and educator training in basic computer skills. The school will also receive library books, science equipment and computers for the multimedia centre. Once completed, Sinqobile Primary School will be a fully resourced school with well-trained educators and management teams, providing an environment that is conducive to excellence in learning and teaching. This project has provided over 90 temporary jobs and benefited 18 small businesses in the community. ♦

### **Partnering with Adopt a School Foundation**

Through partnering with the Adopt-a-School Foundation in your community, you will receive the following benefits:

- Tax exemption for the amount donated.
- BEE accreditation.
- Prudent financial management of your donation.
- Acknowledgement by the Foundation as a key anchor donor on our website, at our events and in all marketing materials.
- Changing lives through the sustainable improvement of basic education.

To date, over 167 schools have been assisted or are under adoption by the Adopt-a-School Foundation. The Foundation is registered as a Section 21 company with PBO status and has an independent Board of Directors. It works with provincial and national governments and cooperates with various bodies involved with education.

For more information about the work it does, please contact  
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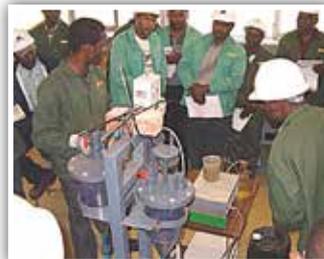
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## Women In MINING



The purpose of the Msobo Coal Women in Mining (WIM) Forum is to advance the interests of women in the mine whilst supporting the vision and objectives of Msobo coal. These objectives and vision involve achieving transformation as enshrined in transformation legislation, such as the Employment Equity Act, Skills Development Act as well as the Mining Charter provisions.

WIM is receiving full support from management and the mine's dominant union. To date the WIM Forum is in full swing and actively participates in other forums. These forums include the Employment Equity Forum, Skills Development Forum and the Joint Forum.

On 9 August, Msobo Coal WIM forum organised and successfully hosted the Woman's Day celebration event at Barnyard Lodge, near Ermelo in Mpumalanga. Not only is August woman's month, but is this a significant day in the history of South Africa. On 9 August the

involvement of women in the struggle against the past Apartheid laws are commemorated. The WIM Forum saw an opportunity to join other women in the country in celebrating this historical day.

85 women took the time off their demanding jobs to attend the event. Also attending this event were representatives of WIMSA and AVON, as well as the Mrs Nkangala International Village 2013. These guests shared their stories and experiences with the Msobo ladies.

The Msobo Coal WIM Forum also realises that South Africa still has a long way to go before women reach full emancipation in the workplace and particularly in the mining industry. However, with a concrete action plan in place, courage, determination, persistence, and hard work, no challenge is insurmountable. The current Msobo coal Talent Management Strategy, the Feeder Pipeline and development plans for woman are examples of success stories in this challenge. ♦



*Deputy President Kgalema Motlanthe*

# delivers opening address at MINING LEKGOTLA

**D**uring the 2013 Mining Lekgotla held in Sandton, Deputy President Kgalema Motlanthe delivered the opening address. Some important aspects of his speech are provided below:

**About Mining's position in the South African economy, he says:**

Mining remains central to South Africa's economy and job creation:

- The industry accounts for 6% of GDP, generates 60% of our export revenues and is a valuable contributor to corporate taxes.
- Mines employ 2.9% of South Africa's economically

active population, which translates into more than half a million direct jobs.

- To be successful at turning this industry around requires conscious effort to make structural changes to the economy and for us to become more innovative in our quest for improving productivity levels.

**In terms of the way forward, deputy president Motlanthe says:**

- ...the industry must therefore transform itself by focusing on ideas to improve productivity through innovation, human resource development and training;

- To move forward the industry must break with its undesirable past by making workers feel valued for their contribution as wholesome human beings that must have decent jobs and sustainable livelihoods, including proper housing, recreation and time with families;
- As such government has no intention to micro-manage mining companies. Save for the ever-present room for improvement, our legislative framework is sufficient for regulating the environment within which the industry operates;
- All role-players in the mining sector must engage meaningfully to build relationships based on truths and mutual symbiosis necessary to bringing stability to the sector and advancing the South African economy.

### **In terms of the Framework Agreement for a Sustainable Mining Industry:**

All stakeholders have committed to improve processes and procedures as well as implement new measures that bring about lasting change while working together to sustain the sector by:

- Building a working relationship among stakeholders that is based on trust and respect;
- Ensuring the rule of law, safety and security and ending violence and conflict;
- Accelerating transformation and beneficiation within prevailing legislation, regulations, charter

- and existing agreements;
- Eliminating negative social and economic legacies and empowering workers;
- Taking necessary steps to create greater certainty and predictability in policy and regulations;
- Repositioning the mining industry to become more attractive to investors and a more meaningful contributor to job creation;
- Accelerating the implementation of human settlement intervention to ensure that there is

**Mines employ 2.9% of South Africa's economically active population, which translates into more than half a million direct jobs**

- proper housing for mineworkers; and lastly,
- Attending to the problem of high levels of indebtedness of mineworkers.

### **Deputy President Motlanthe ended his speech with:**

Allow me to conclude by invoking the spirit of M. Scott Peck's words that:

"The truth is that our finest moments are most likely to occur when we are feeling deeply uncomfortable, unhappy, or unfulfilled. For it is only in such moments, propelled by our discomfort, that we are likely to step out of our ruts and start searching for different ways of truer answers".

Nothing can be truer about the challenges facing the mining industry today. I am therefore confident that through mutual co-operation we will overcome these challenges and realise a healthy and prosperous mining industry that will contribute to the creation of a better life for all our people. ♦



*From left to right: Srinivasan Venkatakrisnan, AngloGold Ashanti; Kgalema Motlanthe, Deputy President; Senzeni Zokwana, NUM; Khanyisile Kweyama, CoMSA/AngloAmerican; Mark Cutifani, CoMSA/AngloAmerican*

# Mining Indaba™ Invests in the Future of

## South Africa's Education

**N**ew York. Contributing to the South African mining industry has always been a key motivation for Investing in African Mining Indaba™ (Mining Indaba). As part of its alignment with the transformation policies of the South African government, Mining Indaba offered bursaries to two deserving students in the field of Mining Engineering. These bursaries, valued at US\$10 000 each, were awarded to Wits student, Lindiwe Nyalunga and Hulisani Mabege from the University of Pretoria. Both students were in their third academic year.

Not only will the bursary cover their tuition, books and accommodation, but it will also pay for indirect academic expenses, such as visits to mines.

“The Mining Indaba is strongly committed to the advancement of the mining industry and our partnership with our host country, South Africa,” explains Jonathan Moore, Managing Director of Mining Indaba, LLC. “Through this bursary program, we are part of the enduring effort to develop a model for success focused on sustainable practices. At the core of this bursary programme is the need for the development of the next generation of mining leaders. We are proud to have these students at the 2013 Mining Indaba and to help in the advancement of their career and our industry.”

As part of the award, Nyalunga and Mabege were invited to attend the 2013 Mining Indaba on 4-7 February in Cape Town South Africa, where they had an opportunity to interact with financiers, investors and mining's most influential stakeholders. Approximately 8,000 delegates attended the Mining Indaba.

### About Investing in African Mining Indaba™

This is where the world connects with African Mining. The Mining Indaba™ is undisputedly the world's



*Lindiwe Nyalunga & Hulisani Mabege*

largest mining investment event and Africa's largest mining event. Throughout its 20 year history, Mining Indaba™, in collaboration with its African partners, has served as the pathway to channel billions of dollars of foreign investment to the African mining value chain. 2013 was a year of records: The Mining Indaba attracted approximately 8,000 delegates of which 3,000 were from outside Africa, representing 110 countries from six continents. The Mining Indaba is organized by Mining Indaba, LLC. For more information visit [www.MiningIndaba.com](http://www.MiningIndaba.com) ♦

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# Tulimelila Guest House

Tulimelila, a three star guest house, is an authentic township guesthouse tucked away in a quiet street in Mhluzi, just outside Middelburg. The guesthouse is situated approximately 3km from Middelburg CBD and about 10km from the Botshabelo Cultural Centre. Situated between OR Tambo International Airport and the Kruger National Park, Tulimelila provides the perfect stopover for the tired traveller.

Tulimelila boasts a number of impressive awards: It was selected as a semi-finalist in the ETEYA awards 2009/2010 and obtained a third place in the Mpumalanga region as one of the best emerging tourism business in the Province.

Tulimelila managers also often act as mentors to tourism students. Tulimelila is very approachable to students requiring practical experience in the tourism industry. The location of the guesthouse gives exposure to township children who cannot afford to get information about tourism from other similar organizations further afield.

Tulimelila has six private, elegant and comfortable en-suite rooms. Each room is equipped with satellite television, a hospitality tray, a ceiling fan, bar fridge, microwave, a wall mounted heater and a working area (for business travelers).

The dining area is open daily for a traditional or English breakfast and a traditional dinner with pre-dinner drinks available. Lunch or lunch boxes can be prepared as per arrangement. Those who wish to experience the intercultural South African braai can also be accommodated.



## **Tulimelila can be contacted at:**

Tel: (013) 2421749 • Fax: 0866914074 • Mobile: 0833067490/ 0731407566

E mail: [info@tulimelilaguesthouse.co.za](mailto:info@tulimelilaguesthouse.co.za) • Website: [www.tulimelilaguesthouse.co.za](http://www.tulimelilaguesthouse.co.za)

# KWIKSPACE MODULAR BUILDINGS

## *Broadens Footprint in Mozambique*



**A**frica's leading manufacturer and erector of prefabricated buildings, Kwikspace Modular Buildings, continues to expand its reach in Mozambique, having secured a large contract to provide a 700 person camp in Nacala-Velha for a large international mining company.

As the country undergoes rapid growth in mining and railway development, The Nacala Corridor Project is currently one of the largest mining and construction projects taking place globally. Construction started

in 2011 and the project involves the refurbishment of certain sections of the railway line as well as the construction of entire new sections together with a new coal terminal. The railway line will connect the Moatize coal fields to the port of Nacala-Velha and the first coal load is expected late next year.

Approached by one of the largest international mining companies, Kwikspace has been contracted to introduce an accommodation camp in Nacala which will make provision for 700 people including senior

project staff, engineers, supervisors and labourers involved with the project. The camp includes a large kitchen, laundry, a clinic and an office complex.

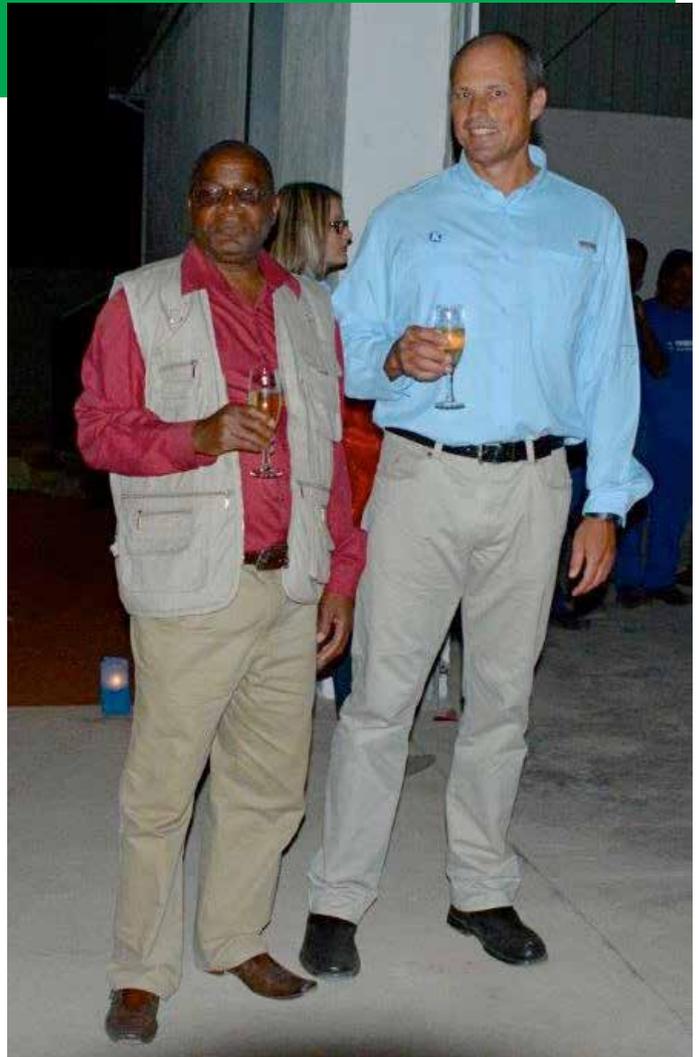
Comments Nick Alexander, Commercial Director of Kwikspace for Africa & Middle East "We are extremely pleased with the opportunity to be involved with a project of this magnitude. Considering the number of projects that have taken place in the country over the past five years, we believe that our offering will meet the ongoing need for construction camps, mobile buildings and rented accommodation".

He continues; "In addition to the fact that we are able to improve the living conditions of workers involved with this project through the provision of our housing, we have also been able to invest in the training of labourers and workers. We have had the chance to impart skills to the labourers and technicians in the area with regard to assembling our building. We firmly believe that training of local workers should remain a priority."

The development of the railway will allow for coal to be transported by rail from Moatize to Nacala where it will be loaded and shipped. This area facilitates imports and exports in the Northern Mozambique region and is thus invaluable to the economic strength and growth of the country.

The significant infrastructure projects and the increase in coal production in Mozambique contributed to the country's GDP growth of 7.4% in 2012 according to the African Development Bank Group. It is predicted that the country will maintain a similar GDP growth this year. Further reiterating the development which is taking place in this area, the opening of an international airport is set to take place early next year.

Kwikspace has designed and supplied modular



buildings for a number of industries including the construction, mining and government sectors amongst a range of others across Africa and thus has extensive experience in the African market to most suitably meet the need for efficient and cost effective accommodation. All modular buildings developed by Kwikspace are made with fully insulated polyurethane injected panels and thus provide excellent temperature control and noise reduction.

Kwikspace currently has a factory in Moatize, Tete Province and plans to open another factory in Nacala in September. This development aims to support the works in Nacala and the nearby city of Nampula. ♦

For further information contact: 011 617 8000 or email: [nick@kwikspace.co.za](mailto:nick@kwikspace.co.za)



During the Mining Lekgotla in September 2013,

*Hon. Faith Bika*

MP of Mineral Resources, discussed some important aspects of the 2002 Mining Charter.

Some important excerpts from her speech are given below:

In essence this Broad-Based Socio-Economic Development Charter sought to guide the process of transformation in the mining industry. The character of the Mining Charter reflects a negotiated document involving multiple stakeholders. Given whom the Charter seeks to benefit, progress on expanding the existing skills were fostered whilst the skills base in the

mining sector was expanded.

The mining charter also sought to address the issue of beneficiation, promote investment as well as address the socio economic upliftment of mining communities.

An independent consultant was tasked to assess the progress made with the Mining Charter against targets set. The Charter was reviewed and therefore amended. Some of the findings that arose comprised of the following:

- Insufficient levels of beneficiation;
- Employment equity plans only developed in 37% of companies;
- Only 26% of companies have over 40% of HDSA representation at management level;
- Lack of social labour plans;
- Improved housing was provided by only 26% of mining companies;
- 89% of companies have not allocated preferred supplier status to companies;
- 80% have not committed to increasing procurement from HDSA-owned companies;
- BEE ownership averaged only 9%;
- Stumbling blocks in skills development coupled with;
- Poor Implementation were manifest.

The very Mining Charter was also amended to strengthen and advance transformation and competitiveness in the mining sector. It is a Framework that advances nine principles in the main being [of which the most important ones are]:

- A target of 26% ownership of the mining sector by 2014 of HDSA's;
- It measures to improve housing conditions of mine employees and communities;
- A stronger focus on penalties;
- Application of international best practises in terms of community developmental needs;
- Mining companies need to invest 5% of their annual payroll in essential skills development by 2014;
- Promotion of local beneficiation in terms of Section 26 of the MPRDA and a beneficiation strategy that will put in place social development for communities;

- Multinational suppliers must contribute to procurement from BEE-entities in a minimum of capital goods by 2014; 70% of service goods by 2014 and 50% of consumer goods by 2014

In addition to this companies have to provide compliance reports on an annual basis.

She also provided ten action steps to ensure that South Africa becomes more competitive and to encourage investment. These steps are:

1. In order to transform the economy and make it more inclusive so that it realises the ideals of the Freedom Charter; the Constitution and the transformational framework of government, the racial ownership patterns are obliged to alter.
2. One of the biggest Challenges in the mining industry is green revolution. The industry needs to address the issues that pertain to concerns raised in this regard. Mining companies have to start becoming part of implementations [and] sustainable plans to improve environmental management which is still a great challenge.
3. In 2011, the Mineral Resources Portfolio Committee facilitated public hearings to get the views of the mining industry, stakeholders, organized formations, mining communities and mine workers and to ascertain if they were aware of the revision of the Charter and satisfied with the amendments.

Amongst the issues raised were those raised by the National Union of Mineworkers(NUM), who noted that the designation of all women as Historically disadvantage South Africans has an unintended consequences:- that of the promotion of white women to key positions at the expense of other HDSA's.

4. Furthermore, it was NUM who cautioned mining companies not to wait until 2014 to attain targets as per Section 47 of the MPRDA. They raised their concerns about the lack of accessibility to royalties to house communities.
5. Companies should start determining developmental community needs with Unison and in the presents (sic) of relevant mining management and owners. These plans should also be aligned to other frameworks and plans of the government. Here I refer to in the main documents such as: Integrated Development Plans(IDP), National

Development Plan( NDP), etc.

6. There is a lot of fronting especially by women who do it on behalf of men. Suppliers of capital goods to the mining industry are still reluctant to transform and transfer skills to BBEEE entities. There is also a rampant use of expired BBEEE verification certificates and fronting. Such deliberate mistakes are really not necessary if we are to see progress and empowerment in the sector.
7. I will continue to stress the very importance of an all inclusive process of all relevant stakeholders in the industry to sustain efforts of working as Multi-Disciplinary Task Teams because it is only through this platform that the country can improve its economical status and thus contribute to the GDP.

### ***Lack of Social & Labour Plans and improved housing was provided by only 26% of mining companies***

But also avoid forever and ever talks which never become transparent and evident of implementation strategies for the greater masses to understand. More needs to be done though to ensure improved skills, employment equity, community employment and upliftment, improving housing and living conditions, to ensure real ownership and beneficiation.

8. Every effort should be made to encourage industrialization. This is one of the best ways to increase employment, improve living conditions in mining communities and as a result a culture of peace and stability which we greatly need.
9. Since the passing of the MPRDA- that is Act 28 of 2002; the act has transformed the legislative framework taking into account international best practises in aiding our country to realise just value for extracted minerals, whilst simultaneously regulating private investment in mining. The legal framework thus on royalties already ensure that SA is compensated for the permanent loss of non-renewable commodities through mining.
10. Most of all, MIGDETT can play a very significant role in ensuring a peaceful and definite direction in the needs within the mining industry. Such platforms should be used to mould and give direction to the country through proper implementation strategies and working together to do more. ♦



### SUSAN SHABANGU

South Africa – Minister of Department of Mineral Resources

#### Current positions

Minister of Mineral Resources of the Republic of South Africa since 10 May 2009.

Member of the African National Congress (ANC) National Working Committee since December 2007.

Member of National Executive Council (NEC) of African National Congress (ANC).

#### Career/Positions/Memberships/Other Activities

Assistant Secretary, Federation of South African Women (FEDSAW), Federation of Transvaal (1980). Active member of the Anti-Republic Campaign Committee (1981).

Involved in the formation of the Release Mandela Campaign Committee (1982). Organiser/Administrator for the Amalgamated Black Worker's Project (1984 - 1985).

Representative of the Transport and General Worker's Union (T and GWU) at the Industrial Council.

National Women's Co-ordinator for the Transport and General Workers Union (T and GWU).

Member of the Congress of South African Trade Unions (COSATU) National Women's Sub-Committee working with women's issues and representing the T and GWU on National level.



### HON. GAOLATHE GODFREY OLIPHANT, MP

South Africa – Deputy Minister of Department of Mineral Resources

Godfrey Oliphant was born in Warrenton Northern Cape Province. After completing high school in the North West Province, he pursued further studies in Economics.

He has held senior positions in South Africa's trade union movement, including that of NEC member of the National Union of Mine Workers and Vice President of Congress of South African Trade Union COSATU, amongst others. He is currently serving as a member of the Central Committee (CC) of the South African Communist Party.

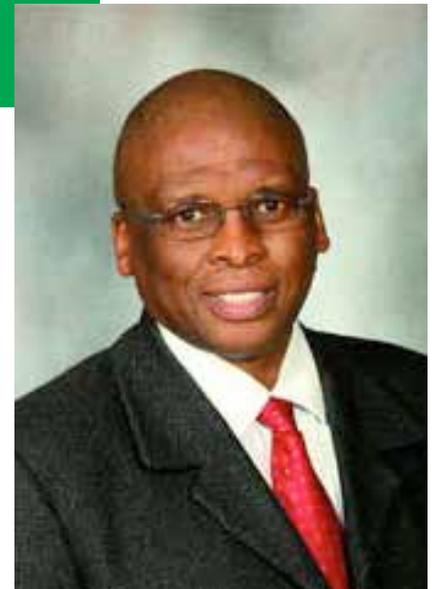
He became a Member of the first democratic Parliament in 1994. Has a long and illustrious career that included holding of several key positions and Chairmanships of Portfolio Committees including Labour, Science and Technology, Public Works and Communications. He also served as a member of the Portfolio Committee on Minerals and Energy for 10 years (1994 to 2004).

He was elected the Deputy Minister of Mineral Resources on 01 November 2010.



## THIBEDI RAMONTJA

Director General, Mineral Resources



Thibedi Ramontja is the director general of the Department of Mineral Resources and is in possession of an impressive number of qualifications:

- PhD at the University of Witwatersrand, Johannesburg
- MSc (Eng) at the University of the Witwatersrand, Johannesburg
- BSc in Geology and Soil Science, as well as a honours degree in Geology, from the University of Limpopo, Polokwane.
- Executive Development Programme at the Gordon School of Business Leadership, University of Pretoria
- Certificate in Geology at the Madikoti College, Polokwane

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Western Cape	Vusumuzi Mwelase (Acting)	021 427 1000	Atterbury House 9th floor, c/o lower berg & Riebeeck Street CAPETOWN ,8012 Postal Address Private Bag X 9,ROGGEBAAL, 8012
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# MINING CREATES SUBSTANTIAL ECONOMIC ACTIVITY IN MANY OTHER PARTS OF THE ECONOMY

In 2012, the mining sector helped generate 16,7% of the country's economic activity (i.e. 16,7% of the Gross Domestic Product – GDP).

- Almost one fifth of South Africa's economy is attributable back to the mining sector.
- Directly the industry's contribution was 8,3%, but this can be more than doubled when the mining supplier industries, plus the downstream industries that use mining outputs, the spending multipliers and the induced effects of mining are included.

Much of the economic activity in the input industries is attributable to the mining sector. The industry uses significant amounts of transport services, consulting and financial services, steel and material inputs, electricity and water inputs and so on.

# THE MINING SECTOR HELPS FUEL THE ECONOMY

Mining is the industry that helps provide about 72% of South Africa's primary energy needs, and effectively "fuels" the South African economy.

- About 125 million tonnes of coal was used to generate 94% of South Africa's electricity, which in turn turned the wheels of industry and the economy.
- About 45 million tonnes of coal was converted into liquid fuels, which accounted for about 30% of the country's liquid fuel production.
- In the absence of domestically mined coal, it is estimated that South Africa would need to import an extra R90 billion of foreign energy, which would have significantly undermined the country's trade balance and energy security.

# MINING IS A MAJOR ENGINE OF JOB CREATION

Source: Quantec and IDC

In 2012, the mining sector helped to create 1 365 892<sup>1</sup> jobs in the South African economy.

- This accounts for 14% of the total formal non-agricultural employment in the country.
- Mining created 524 632 jobs directly and another 841 260 jobs were created in the industries that either supply goods and services to the mining sector, or use mining products for downstream value addition, or which are related to the spending multipliers from mining and mining employees in the economy.
- The social multiplier of mining is very significant for South Africa. Given a dependency ratio of about 10 to 1, this means that about 13 600 000 people were directly dependent for the daily food on their table on the 1 365 892 jobs created by the mining sector.

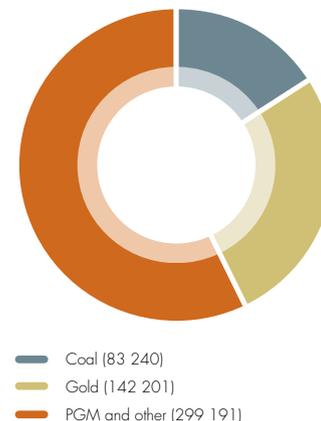
## Why does mining have such large employment effects into the rest of the economy?

Because for every direct mining job approximately two jobs are created in other sectors! Mining requires a significant amount of inputs, goods and services.

- For example, in 2012 mining bought in a huge amount of transport and storage services, which in turn created about R50 billion in GDP and 80 300 jobs. In essence, half of Transnet Rail Freight's bulk rail and port handling businesses are related to transporting and storing mining products.
- Similarly, the mining sector buys in catering and accommodation services (18 881 jobs), finance, insurance and business services (193 877 jobs), electricity inputs (9 747 jobs) and so on.
- In addition, given the R93,6 billion provided in salaries and wages to employees combined with the circulation of money paid to suppliers, the spending multipliers have a further significant feed through effect into sectors such as the wholesale and retail sectors of the economy, where another 1 572 998 jobs are estimated to have been created as a result of mining activity.

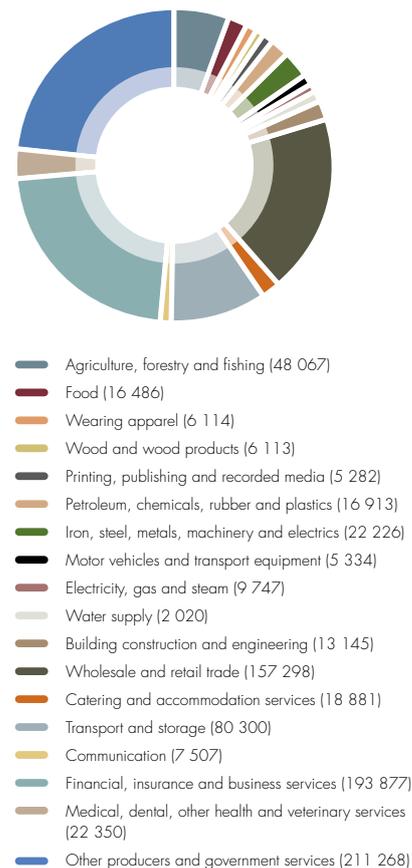
## 2012, DIRECT MINING EMPLOYMENT, TOTAL 524 632

Source: DMR, as at June 2013



## 2012, INDIRECT EMPLOYMENT ATTRIBUTABLE TO MINING, TOTAL 841 260

Source: Quantec and IDC, 2012



# MOST OF THE INCOME OF THE MINING SECTOR IS SPENT LOCALLY

## 2012, RSA MINING EXPENDITURE (AFTER DEPRECIATION AND IMPAIRMENTS) – R488 BILLION

Source: StatsSA QFS, December 2012

In 2012, the total income<sup>2</sup> of the South African mining industry (after depreciation and impairments) was R497,1 billion. The total expenditure of the industry (after depreciation and impairments) was R488 billion. Of this expenditure:

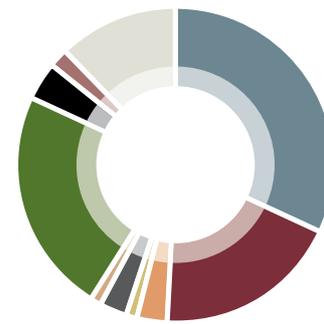
- R289 billion was spent on input costs (timber, steel, explosives, water, electricity, transport, etc.);
- R93 billion went to salaries and wages;
- R59 billion was spent on capital expenditure (to sustain production and for growth projects);
- R21 billion was paid in direct corporate taxation;
- R14 billion was paid to the banks as interest on loans; and,
- R12 billion went to shareholders in the form of dividends.

It is estimated<sup>3</sup> that of the R488 billion expenditure, more than 80% was spent in South Africa. This is why mining has such a big impact on the size of the rest of the South

African economy – the money generated in mining circulates throughout the rest of the economy, having an impact on sectors as diverse as financial services and housing. Some of the expenditures go towards importing equipment (such as drag-lines or dump trucks) which are not made in South Africa. However, these purchases help improve the total fixed capital stock of the mining sector and add to the productive base of the economy.

Dividends make up 2,2% of total expenditures and about half of the dividends go to foreign shareholders. The other half of the dividends flow through to millions of South Africans, who have money invested in mining through pension funds and investments. Mining does significantly contribute to savings in the economy.

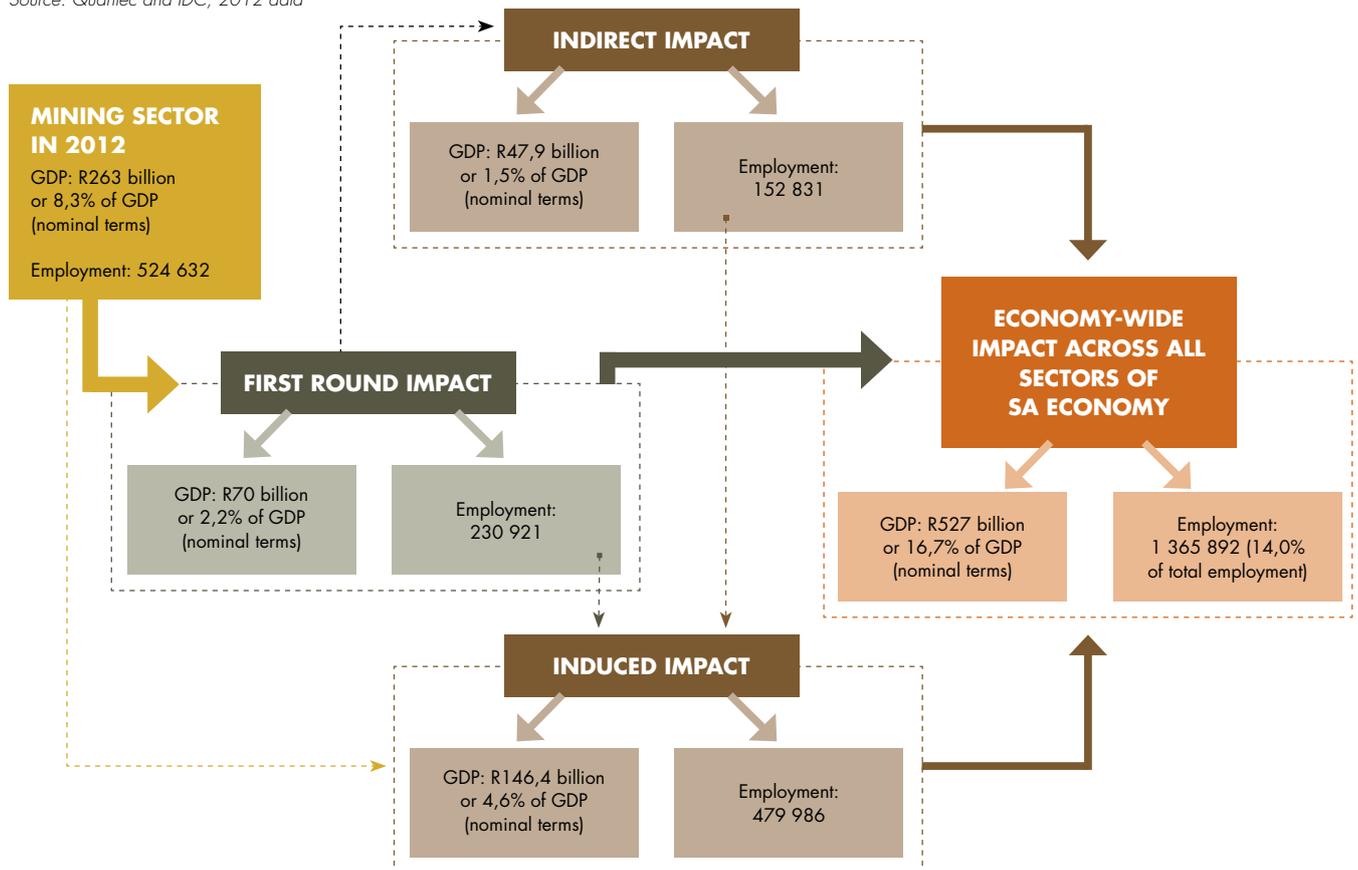
The key point here is that a very significant amount of the benefit of the expenditures of South African mining is captured in South Africa and benefits the South African economy and people.



- Purchases and operating costs (steel, timber, electricity, rail, etc) (R156,2 billion)
- Labour costs (R92,7 billion)
- Interest paid (R14,6 billion)
- Patents and franchise fees (R4,9 billion)
- Rental paid (R14,6 billion)
- Leasing of plant and machinery (R4,9 billion)
- Other expenditure (R112,2 billion)
- Taxes paid (R19,5 billion)
- Dividends payable (R9,8 billion)
- Total capital expenditure (R58,6 billion)

## THE LINKAGES OF MINING TO THE ECONOMY

Source: Quantec and IDC, 2012 data



# PROVIDING TURNKEY SOLUTIONS FOR STRATEGIC PLATFORMS OF CONVERSATION



#### The Masake Team:

Front row from left to right: Miliswa Cawe; Sharmayne Venkatsamy; Esther Nkosi  
Back row from left to right: Hluma Zenani; Lesego Saohatse ; Bonolo Matlou; Anastacia Subrumuny; Tumi Mofokeng; Talisha Moodley

**W**hilst we are geared to be event-centric, Masake can best be described as a strategic organiser of high level dialogue and stakeholder management.

The event, depending on the depth and nature, manifests itself into organized platforms that propel business and organizational objectives.

For the past eleven years, Masake has been rooted in creating dynamic platforms of conversation at leadership level in government, business and the broader transformation arena. This has contributed to their deep understanding of the terrain, which equips them to contribute strategically towards the objectives of the activity. This core knowledge, and their passion for efficient and seamless delivery of projects, renders the differentiator between Masake and other event management organizations.

Masake is proud to be appointed by the Mining Lekgotla Company to execute this important national initiative, for the second year running.

In addition to the Mining Lekgotla, Masake has a diverse range of clients in the mining, infrastructure, financial services, government, research and other key sectors.



Images from our recently orchestrated event; The Mining Lekgotla 2013, held at Sandton Convention Centre, Sandton, Johannesburg, on the 27th - 29th of August 2013. The Mining Lekgotla is an annual Scenario-based platform for Strategic Conversation among the key stakeholders in the mining sector hosted by the Chamber of Mines of South Africa (CoMSA), in partnership with the National Union of Mineworkers, and the Department of Mineral Resources.

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