

ADDRESS BY THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, MR NORMAN MOKOENA, MPL, DURING THE CELEBRATION OF THE XTRATA COAL CIS EVENT AT EMALAHLENI, NKANGALA DISTRICT.

Wednesday, 23 May 2012

Programme Director;

The Executive Mayor of Emalahleni Local Municipality, Councillor Salome Sithole;

Chief Operation Officer of Xtrata Coal South Africa, Mr Murray Houston;

Executive Director of Xtrata South Africa, Mr Andile Sangqu;

Operations Director of Xtrata Coal South Africa, Mr Rassie Alberts;

Distinguished Guests;

Members of the Media;

Ladies and Gentlemen;

Good Evening!

Political Introduction

(By John Sikhosana)

Eighteen (18) months ago National Cabinet adopted the *New Growth Path (the NGP)* as the framework for our economic policies towards 2020. Along the same objectives, the National Planning Commission has also set out a *National Development Plan* as a basis of crafting 2030 vision for the country. This Plan stresses that government should shift the balance of spending towards programmes that help people improve their own lives, those of their children and their communities at large. The overall aim is to reduce **unemployment, poverty and inequality**.

Taking a leaf from *the NPG*, our province has also developed its own plan which is in line with the national plan. Known as the ***Mpumalanga Economic Growth and Development Path (the MEGDP)***, it provides us with a framework which will guide the province in terms of job creation, economic growth and development over a period of ten years, and has since been adopted by the Executive Council after extensive consultations. Labour and big businesses were widely consulted in this regard. We are currently involved in a process of finalising the Programme of Action for the implementation of *the MEGDP* with relevant stakeholders. This will assist us to set aside adequate resources for implementation. We will make a proper announcement in this regard sometime this year.

Programme Director, Ladies and Gentlemen;

Our strategy spells out a vision for “an inclusive and equitable economy that supports an improved quality of life for all the people of Mpumalanga.” It outlines a set of strategic choices and potential paths that will lead towards a growing sustainable Mpumalanga economy projected to provide economic opportunities and work. It sets a target that requires us to create 720 000 jobs in the ten years from 2011 to 2020, in order for the province to reduce unemployment to 15%.

According to figures released by Statistics South Africa from its Quarterly Labour Force Survey, in the period between the fourth quarter of 2010 and the fourth quarter of 2011, Mpumalanga experienced a net gain of 47 000 jobs, which translates to just over 3 900 jobs gained every month. This represents a 5.4% increase in the number of people employed from the previous year.

I must point out that as a provincial government, through these consultations, we have initiated discussions with *Xtrata Coal SA* on ways to complement our efforts towards benefiting our communities in ways that address the socio-economic challenges we face.

As we move towards implementing *the MEGDP*, emphasis will be on the development of **priority sectors** in a manner that is inclusive and shared; the re-dressing of imbalances between urban and rural areas with respect to spatial development, sustainable human development in skills, regional co-operation and environmental sustainability.

Infrastructure development is one of the important drivers of *the MEGDP*, and most of our jobs will initially be generated through infrastructure development. We anticipate that the **Mpumalanga Infrastructure Development Master Plan** will be completed around September/October this year.

Our government is committed to addressing the hurdles which impede the growth of business and efficiencies in its running. Rail infrastructure is one such impediment which was raised in our engagement with the business sector.

On the same score, the Presidential Infrastructure Coordination Commission has released a set of 17 Strategic Infrastructure Projects (SIPs) for the country. These are strategic projects that have been developed and approved to support economic development, and to address service delivery in the poorest provinces. We need to gear ourselves towards building our capacity to fully participate and maximise on the opportunities that these projects offer.

Amongst others, the first SIP is geared towards unlocking the “Northern Mineral Belt,” with the Waterberg region being the catalyst. This development of the first post apartheid new urban centre, will require rail capacity to be extended to Mpumalanga power stations, and also for export principally via Richard’s Bay in KwaZulu-Natal, and in future, to Maputo via the proposed link through Swaziland from Lothair to Manzini. The additional rail capacity will shift coal from road to rail in Mpumalanga with positive environmental and social benefits. Supportive logistics corridors will help strengthen economic development within the province.

Trade links with our neighbouring countries will be further enhanced by our infrastructure, in order to set us firmly on the path towards growth and development, not only as a province, but as a country and a region within the SADC.

This is because mining and mineral beneficiation is one of the strategic sectors which the Province has prioritised as a key job driver. You will recall that the mining sector has historically been the engine to the provincial as well as the national economies. It has been the catalyst to industrialisation of our country, thus propelling us to be the largest economy on the African continent. Realising the extent to which our economy needs to grow, the cheapest energy source which we currently rely on, is fossil fuel based in the form of coal. We indeed are still compelled to maintain the momentum of growth, and therefore this form of energy source will still play an important role in the coming decades.

This has however come with its own unintended consequences on both our social structures as well as the environment. By this I refer to environmental degradation together with the social ills associated with labour migration. These issues are real issues, and we need to tackle them together.

Programme Director, Ladies and Gentlemen;

Xtrata Coal SA has over the past decade, grown to be a company with potential to take us towards economic growth and development, in a manner which creates decent employment not only in mining, but through support activities such as in mining supplies as well as beneficiation downstream.

We welcome investments in current expansion projects such as those at Tweefontein and Goedgevonden, as well as the five (5) Seam projects. We shall play our part in the environmental permitting process, so that final decisions can be arrived at speedily in terms of committing to the Zonnebloem and Paarderkop projects.

Let us also commit further towards turning previous challenges such as mine dumps, into opportunities through rehabilitation exercises. Substantial amounts of land which mines have used over decades and are no longer deemed profitable, can be turned around for economic gain for local communities. This is an area which local communities may be supported by the mining houses together with government, in an effort to see them ultimately reaping benefits.

The scarcity of water remains a challenge and with the growth of mining activities, water reclamation becomes more imperative as a means of preserving this vital resource. Constant development of technologies should thus enable us to reach a stage where we can reclaim water to a level that makes it safe for human consumption. The proposed construction of a water treatment plant here at Emalahleni, is indeed welcomed, and working together with municipalities, we will increase our efforts in this endeavour.

In addition, we seek to advance on the principles of *BBBEE*, youth empowerment, the development of co-operatives and SMMEs. For this to be realized, one of the key components will be in the area of skills and capacity building. It is in this area that we need to grow a strong cadre of suppliers to the mining industry, made up of SMMEs and co-operatives that originate from the local areas where the mines operate. We do however recognize that due to practical considerations, it will not be feasible to set up separate supply centres for each mine.

A strategically located Entrepreneurial Development Centre where the major mining houses will set up capacity and skills development for local SMMEs and Co-Operatives, will go a long way in starting to empower our people on a larger scale, whilst creating the much needed jobs. The Mashishing–Steelport area is an area where much future development is anticipated in the long term. The Steve Tshwete–Emalahleni area is however going to remain an important mining region for the foreseeable future, for as long as the country relies primarily on coal fired power generation.

Ladies and gentlemen;

The gap in practical artisan and trade skills, especially amongst our youth, as well as project management and engineering capacities within our municipalities compels us to seek partnership with the mining houses in building capacity in these skills. We view the maximum usage of the training facilities for coal training college, as an opportunity to increase our pool of trained youth.

Indeed we are encouraged by the confidence which *Xtrata Coal SA* is showing in the Province, through its investments particularly in communities where it operates. We anticipate that the social labour plans will make a significant impact in laying the foundation for a turn-around in the social conditions of the local communities.

This is supported by the fact that skills and capacity building is one of the crucial areas for the success of *the MEGDP*. We note that the various skills development projects which *Xtrata Coal SA* has supported, such as CIDA, Funda Africa, bursaries, e-learning and training of professionals.

In his State of the Province address this year, Honourable Premier DD Mabuza also highlighted the importance of agriculture towards developing our economy, creating jobs and fighting poverty and inequalities. We therefore applaud projects that develop commercial farmers from the historically disadvantaged, such as the Sebenzana Farming Project. I am sure that our provincial counterpart on agriculture, *DARDLA*, will be willing to assist in making this model work for the province as a whole.

It is our wish to walk this path together with *Xtrata Coal SA*, so that we may not only be monitoring progress, but also play a positive role in advising and participating in the betterment of the lives of the local communities.

The more we succeed, indeed the more we shall have resources, as according to the South African Revenue Services (SARS), Mpumalanga's contribution to the national revenue fund from personal income tax, which supports our nation's programme of socio-economic development, grew from R4.6billion in 2010/2011 to more than R5.1billion in 2011/2012. Companies registered with the provincial branches also contributed approximately R5.7million in income tax and VAT.

This does not include the significant contribution of the largest Mpumalanga companies which are serviced by the national office of SARS, and therefore do not reflect on the provincial total. Growth in jobs and revenue, translates into more resources for us to drive socio-economic development.

We therefore appreciate the interaction with *Xtrata Coal SA*, and seek working together with the chamber of mines towards turning these opportunities into reality.

I thank You!