

**SPEECH PRESENTED BY THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, MR J.L (JABU) MAHLANGU, MPL, DURING THE SOUTHGOLD EXPLORATION STAKEHOLDER GALA DINNER AT BALFOUR, DIPALESENG LOCAL MUNICIPALITY, GERT SIBANDE DISTRICT.**

**Thursday, 29 April 2010**

Programme Director;

General Manager of the Great Basin Gold Burnstone Mine, Mr Vusi Khumalo;

The Executive Mayor of Dipaleseng Municipality, His Worship Councillor Mabalane Tsotetsi;

The Vice President of NAFCOG, Mr Steve Skhosana;

DDG for Corporative Governance and Traditional Affairs, Mr Tozi Faba

Distinguished guests;

Ladies and gentlemen;

In the words of British politician, Sir Winston Churchill, and I quote:

*“We make a living by what we get, but we make a life by what we give.”*

I am honoured and humbled therefore, to have been invited by an organisation which believes in giving back to the community from which it benefits. I am humbled by your commitment towards sustainable community development by ensuring that your benefactor, in this case, the community which **gives you a living**, benefits from your operations. As a caring organisation, you’ve therefore deemed it significant to meet all your stakeholders this evening, to pave a common path towards sustainable community development. As government, we appreciate such moves – for we believe that *Working together, We can do more* to improve the lives of our people.

Ladies and gentlemen, we meet just a day after we celebrated the 16<sup>th</sup> anniversary of our hard-earned freedom. This freedom cannot be real if other members within our communities continue to go to bed on an empty stomach. It cannot be freedom for others, and hardship for others despite living on top of mineral-rich soil. As government, we remain highly concerned that the areas where mining activities take place are still predominantly very poor. It cannot be correct that mining companies continue to benefit from the mineral products they collect from local communities, without ploughing back to those communities.

It cannot be correct that our people living on mineral-rich soil continue to experience a shortage of clean water, or not have a habitable roof over their heads. Our only plea as government is for companies such as *Southold Exploration*, to acknowledge and appreciate that they owe their continuing existence to those communities from whose soil they are benefitting. This they can do by ploughing back to those communities which continues to give them a lifeline. Their sign of appreciation can be showed through training programmes to develop the local skills, and even by employing them. You have a responsibility as a mining house, to support our efforts as government, to improve the socio-economic well-being of our people, especially your benefactor.

Ladies and gentlemen, the prospects for our economy look very good. We have weathered the storm; we are officially out of the economic recession. Indications are that our provincial economy will grow by at least 2.4 per cent this year; expectations being that this district, Gert Sibande, and the Nkangala District will lead the recovery with an average GDP growth of 2.5 per cent, followed by Ehlanzeni at 2.1 per cent. We acknowledge that 55 000 jobs were shed during that unfortunate recession period, but we are quite optimistic that the loss will be re-claimed going forward.

In moving towards re-kindling our economy, efforts are underway to expand the range or types of economic activities taking place in order to create employment opportunities, and by also bringing more people into the economic mainstream. It is also crucial that the foundation for future growth be strengthened through the development of infrastructure and human capital. We shall therefore focus on the sectors that we feel we have a comparative advantage on, or an opportunity to grow a fledgling industry. These include the traditional sectors of agriculture, which will be expanded through value addition by agro-processing, meaning that the development of a food technology centre is crucial to this initiative.

The forestry sector will be developed further through wood and wood products. The tourism, petro-chemicals and steel industries also offer further opportunities for value addition. New areas of opportunity lie in the sectors of ICT, cultural industries as well as environmental rehabilitation and alternative energies. We acknowledge that government alone, cannot succeed hence we believe in **working together** with social partners to realise our vision of **a better life for all**.

Ladies and gentlemen, the improvement of the lives of our people and their beneficiation from economic activities is non-negotiable, and remains our top priority. Through our public entity responsible for promoting and attracting investment to the province, that is the new MEGA, we have together with the private sector, embarked on a number of projects. The new MEGA was formed after the merger of the old MEGA, the MADC and the MHFCo, following the enactment of the Mpumalanga Economic Growth Agency Act of 2010, with effect from the beginning of this month. We have appointed an interim board and an Acting CEO for the new entity, who have hit the ground running to ensure speedy economic recovery.

Amongst others, the old MEGA has:

- Facilitated the signing of a Memorandum of Understanding with the Dipaleseng Local municipality for the development of an industrial park
- Facilitated the signing of a Memorandum of Understanding with the Great Basin Gold, a parent company of Southgold Exploration, for the construction of roads and houses in this municipality;
- Facilitated the signing of a contract worth R6 million with India's Baylatex company for the manufacturing of rubber latex mattresses;
- Facilitated the expansion of the existing fruit processing facilities, as well as investment incentives, in partnership with Blue Skies from the United Kingdom;
- Facilitated a project for fresh water fish farming, cultivation and processing of fresh vegetable, in collaboration with the MK Veterans Trust. The current value of the investment stands at R135 million and the anticipation is that it will eventually grow to R300 million.

Ladies and gentlemen, one of the agreements of the Provincial Economic Summit held last October, was the development of 200 new housing units in Dipaleseng. We can report that the new MEGA will initiate the process of this development, with assistance from the banking sector, in the current financial year. This will present opportunities for aspiring entrepreneurs in the construction industry, as well as suppliers and manufacturers of building materials within this municipality. This will further offer employment opportunities as well as development of technical skills, which can in future be put to use to assist the municipality in its maintenance work.

We can all agree that mining activities continue to contribute significantly towards **sustainable job creation** and provincial economic growth.

Our province is home to the richest coal fields in Southern Africa, with the Emalahleni coal fields being the biggest producers in Africa. We are the third largest coal exporter in the world, accounting for 30 per cent of the coal being exported. Domestically, we account for around 80 percent of coal production in the country. However there are many other mineral products found in the province including notable ones such as gold, chrome, and dimension stone, amongst others. Mining activities in the province contributed about R20 billion to the national GDP in 2008, putting our province third after North West and Limpopo at about R26 billion and R23 billion respectively.

The sector contributed 27.9 per cent to the provincial GDP in 2008. According to the latest Quarterly Labour Force Survey by Stats SA, this sector contributed to the creation of 50 000 jobs in the province or 16.9 per cent of the national mining labour force, thus contributing 17 per cent to the provincial economy. Nkangala was the district with the highest number of employees in Mpumalanga's mining industry with some 45.2 per cent of the provincial mining labour force. Gert Sibande was second with 37.0 per cent followed by Ehlanzeni with 17.8 per cent. This sector however, was not spared by the recent economic recession.

While South Africa's mining labour force shrunk with 7.8 per cent between the fourth quarter of 2008 and the fourth quarter of 2009, Mpumalanga's mining labour force declined by 15.3 per cent or some 9 000 jobs. The mining share in the provincial economy remains greater than the share of the mining sector in the national economy, thus having a comparative advantage over the national mining sector. On the district level, mining activities contributed 13.5 per cent to the economy of this district, Gert Sibande, whereas it contributed 29.6 per cent in Nkangala and 4 per cent in Ehlanzeni in 2008.

Though the mining sector contributes significantly to the provincial economy, but given the impact relating to, and various concerns raised by communities, the Honourable Premier and the Minister of Mineral Resources have decided to host a Provincial Mining *Indaba* to engage all affected stakeholders. The proposed two (2) day *indaba* will be held in Emalahleni from 03-04 May 2010, with its objectives being:

- **To deliberate on the contribution of the mining industry to sustainable development, economic growth, and job creation;**
- **To mobilize the participation of the mining sector to craft sustainable solutions and practical programmes to address challenges posed by the negative impact of mining in the Province; and**
- **To devise mitigation strategies to reduce the negative impact of mining on the environment.**

We hope that at the end of the *Indaba*, we will collectively with all stakeholders like yourselves, agree on the following:

- **A mining sector plan to contribute to economic growth that leads to development and job creation;**
- **Practical interventions to mitigate soil degradation and water pollution;**
- **Specific programmes to address infrastructure development challenges, especially road and rail network infrastructure; and**
- **Mechanisms to strengthen institutional capacity to monitor compliance with legislation.**

The proposed Mining *Indaba* is a follow-up of the Provincial Mining Summit we held from 27 to 28 June 2005 in Middelburg, where we collectively agreed that the private sector will **implement social development plans**; and also **contribute towards community skills development**, amongst others.

As I already indicated, despite the agreements reached at the 2005 Middelburg, we remain highly concerned as government that the areas where mining activities take place are still predominantly very poor. In view that we have also recently referred 300 mine prospecting and mine license applications to the Department of Mineral Resources, it cannot therefore be right that the situation continues unchallenged.

We appreciate that a company like *Southgold Exploration*, and many others, are committed towards and starting to implement their social responsibility plans through their Corporate Social Investment initiatives. You bringing together all affected stakeholders tonight, give us hope that our communities will finally also benefit from the produce of their land.

As I close, there is a Chinese proverb which says and I quote:

*“If you want happiness for an hour; take a nap. If you want happiness for a day; go fishing. If you want happiness for a year; inherit a fortune. (But) if you want happiness for a lifetime; help someone else.”*

Indeed ladies and gentlemen, there is nothing that gives one satisfaction like knowing that you have made a difference in the life of those who cannot fend for themselves. This view is also supported by American poet, Maya Angelou’s believe that *giving liberates the soul of the giver.*

I wish you fruitful interaction, with the sole purpose of partnering with us, to enable us to continue with our quest to provide a **better life for all**. When we adopted our country’s Constitution on 08 May 1996, we collectively agreed to *“Improve the quality of life of all citizens and free the potential of each person.”*

As government, we are committed to **speed up growth, create more jobs, decent work and sustainable livelihood**. We cannot dare fail our people, who have pinned all their hopes on us.

*Working together* with caring stakeholders, *we can do more to speed up effective service delivery for the people.*

*Ke a leboha!*